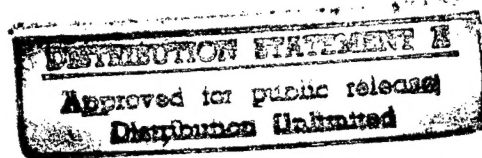


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25 July 1984



China Report

ECONOMIC AFFAIRS

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25 July 1984

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NATIONAL POLICY AND ISSUES

NINGXIA: JOINT CONFERENCE ON ECONOMIC, TECHNICAL COOPERATION OPENS

HK201004 Yinchuan NINGXIA RIBAO in Chinese 5 Jun 84 p 1

[Report: "Joint Conference on Economic and Technical Cooperation in the Northwestern Areas Opened in Yinchuan To Discuss Plans for Reforms and Open-door Policy, and Enlivening Economy in the Northwestern Areas"]

[Text] During this time when the economic front in our region is firmly grasping structural reforms, implementing an open-door policy, and speeding up the pace of construction, a joint conference on economic and technical cooperation in the northwestern areas was solemnly opened on the morning of 4 June in Yinchuan.

Those attending the opening ceremony included representatives from the five provinces (regions) in the northwest, representatives from various units State Council such as the State Economic Commission, the State Planning Commission, the State Nationalities Affairs Commission, the Ministry of Finance, the Ministry of Railways, the Ministry of Communications, the Ministry of Coal Industry, the State Bureau of Materials and Equipment, the China International Trust and Investment Corporation, the China National Chemical Engineering Construction Corporation, and others, who participated in the conference by invitation. Also attending were representatives from various fraternal cities and provinces such as Beijing, Shanghai, Tianjin, Shandong, Jiangsu, Zhejiang, Fujian, Liaoning, Heilongjiang, and others; and representatives from Jinhua, Bengbu, Nantong, and other cities. Party and government leaders from our region also attended the opening ceremony by invitation.

Li Yunhe, deputy secretary of the autonomous regional CPC committee and vice chairman of the regional autonomous people's government, presided over the conference and delivered a welcoming speech. On behalf of the regional autonomous CPC committee and regional autonomous people's government, he accorded a warm welcome to representatives attending the conference and expressed his sincere gratitude to those provinces, cities, and autonomous regions that had greatly supported and cooperated with the Ningxia Autonomous Region in the fields of economy, technology, culture, education, science, and public health, and those that are continuing to do the work.

Those who delivered speeches at the opening ceremony included Zhang Zhenxi, general secretary of the Shaanxi Provincial Government; Jia Zhijie, deputy secretary of the Gansu Provincial CPC Committee; Wang Jingxian, advisor to the People's Government of the Xinjiang Uygur Autonomous Region; Wang Yanxin, vice chairman of the People's Government of the Ningxia Hui Autonomous Region; Yang Xuguang, director of the Office of Economic Cooperation under State Economic Commission; Ba Tu, deputy director of the State Nationalities Affairs Commission; responsible comrades from the departments concerned under the Ministry of Finance, Ministry of Railways, Ministry of Communications, Ministry of Coal Industry, and others; and representatives from other fraternal provinces and cities such as Beijing, Zhejiang, Jiangsu, and others. They respectively summed up and exchanged experiences in economic and technical cooperation and support over the past 2 years, and reviewed their achievements. They also put forth opinions on the work of further strengthening economic and technical cooperation and expanding the scope of cooperation. Their speeches greatly enlightened those representatives attending the conference.

After the opening session, at discussions that will last several days, in accordance with the principles of persisting in reforms, implementing the open-door policy, and promoting mutual benefits and interests on the basis of equality and consultations, all the representatives will discuss the new projects for 1984 dealing with economic integration, technical cooperation, exchange of materials and equipment, training of talented personnel, and popularization of scientific and technical achievements among various provinces and regions. They will also discuss measures for further strengthening economic and technical cooperation in the northwestern areas.

CSO: 4006/625

NATIONAL POLICY AND ISSUES

TRADE UNIONS IN CHINA CALLED FOR TO JOIN REFORM

OW290442 Beijing XINHUA Domestic Service in Chinese 1428 GMT 28 Jun 84

[Text] Beijing, 28 Jun (XINHUA)--The 10th Presidium of the All-China Federation of Trade Unions today pointed out: In urban economic structural reform, trade unions at all levels must bring their role into full play by mobilizing and leading staff members and workers to take part in and spur on reform.

The third regular meeting of the 10th Presidium of the All-China Federation of Trade Unions, which opened on 25 June, exclusively discussed the question of how to do the work of trade unions well in urban economic reform. Members of the Presidium also listened to the briefing on the work of trade unions in Chongqing, Wuhan and other cities where all-round economic structural reform was made on a trial basis. The regular meeting closed today.

At today's meeting, Wei Jianxing, vice president of the All-China Federation of Trade Unions, said: At present, urban economic structural reform is developing rapidly, and the good situation has created a broader realm for the work of trade unions. Trade union organizations must fully understand the significance of this reform from the high plane of the four modernizations. He called for all trade union organizations to greatly strengthen workers' ideological and political work, continuously deepen trade union cadres and workers' understanding of reform and mobilize the masses to actively take part in reform. It is necessary to rely on the masses to make reform and bring the role of workers' congress into full play. An enterprise contract plan and reform plan involving workers' personal interests must all be discussed at workers' congress. In addition, trade unions themselves must also make reform, emancipate minds, be brave to explore and pave the way for the work of trade unions with Chinese characteristics.

CSO: 4006/625

PROVINCIAL AFFAIRS

GUIZHOU MEETING STRESSES ECONOMIC REFORMS

HK020521 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 1 Jul 84

[Excerpts] A plenary meeting of the Guizhou Provincial People's Government concluded on the afternoon of 1 July after 6 days in session. The meeting concentrated on arranging all-round economic reform work. Governor Wang Chaowen presided at the meeting. The participants studied Premier Zhao Ziyang's government work report and the comment of the Central Commission for Guiding Party Rectification on the XINHUA report on party rectification in Guizhou, together with relevant State Council documents. They also studied speeches of central and provincial CPC committee leaders on speeding up the pace of reform and working to create a new situation.

The meeting stressed: At present the core and focus in urban economic reform work is to break the big rice pot of egalitarianism, seriously implement the socialist principle of distribution according to work, and speed up the pace of urban economic reforms. These are of great significance for accomplishing quadruplication, the two civilizations, the three fundamental turns for the better, and the four modernizations. The only way out lies in reform.

The meeting pointed out: The urgent task facing us is to implement as quickly as possible Premier Zhao's report, the relevant policy decisions of the Central Committee and State Council, and the reform measures drawn up by the province. We must turn these into the actions of the cadres and masses and use them to stimulate production and construction. In order to carry out reforms still better and reach our predicted goals, we must conduct extensive propaganda on the importance and urgency of urban economic reforms and also on the guiding ideology, principles, and policies for the reforms, to enhance the awareness of the cadres and masses regarding urban economic reforms and launch everyone to actively plunge into reforms.

We must thoroughly eliminate remnants of leftism. We must not regard new socialist things as capitalist. The leadership must take the lead and all must work together to eliminate leftism, so as to be able to carry out synchronous reforms, carry out a complete set of reforms, and achieve practical results.

he meeting pointed out: Party rectification in the provincial organs is about to switch to the stage of all-round comparison and examination and vigorous rectification and correction of defects. Party rectification in the prefectures and cities is also about to commence. It is essential to handle well the relations between party rectification, reforms, and production. Party rectification must stimulate reform, economic construction, and the three fundamental turns for the better.

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The meeting discussed the questions of strengthening leadership over urban reforms, instituting a favored treatment policy, and welcoming foreign countries and fraternal provinces, municipalities, and regions to come to Guizhou to develop its economy. The meeting drew up a series of measures for further readjusting the leadership groups, for the establishment of reform leadership groups by government at and above county-level and the departments of the provincial government, for the handing down of most prefectural and provincial enterprises to cities and counties, and for organizing pilot projects in comprehensive urban reforms in Guiyang and Zunyi cities. The purpose of these is to facilitate the effort to strengthen leadership, thoroughly eliminate leftism, stimulate reforms, enliven the economy, change a closed economy into an open one, and allow the province to attract foreign and domestic investment, technology, and talent.

It is necessary to implement the 131 agreements signed at the economic coordination meeting of Sichuan, Yunnan, Guizhou, Guangxi, and Chongqing, and the 30 technological cooperation projects agreed with Jiangsu and Zhejiang and with Guangdong and Guangxi.

We must continue to implement the policies on intellectuals, employ them rationally, and bring their role into full play, so that they will work together under the party's centralized leadership to tap Guizhou's resources and promote the province's construction.

We must appropriately increase investment in education and do a good job in running schools of all types, to train talent for economic development in the last decade of the century.

The meeting also stressed: Time is money; economic results are life. We must cherish time, fight for every minute and second, advance from victory to victory, and ensure the fulfillment and overfulfillment of the year's industrial and agricultural production tasks and the fulfillment 1 year ahead of schedule of the main targets of the Sixth Five-Year Plan.

CSO: 4006/625

PROVINCIAL AFFAIRS

SICHUAN GOVERNOR GIVES BRIEFING ON ECONOMIC SITUATION

HK291018 Chengdu SICHUAN RIBAO in Chinese 11 Jun 84 pp 1, 4

[Report: "Governor Yang Xizong Gives Briefing on Sichuan's Economic Situation"]

[Text] Our province habitually is called "the land of abundance." In our province there are abundant resources for agriculture, animal husbandry, wild animals, wild plants, and minerals; the agricultural economy is thriving, our industry has developed considerably, and our communications and transport have also developed rather rapidly. However, the present situation does not meet requirements in building the four modernizations, and our rich resources are waiting for further development and exploitation; part of our industrial and technical equipment urgently requires technological transformation; and there is a need for the commodity production in rural areas to broaden its scope. The above situation was described by the governor of Sichuan, Yan Xizong, to representatives from sister provinces and municipalities at the provincial economic and technical cooperation invitational conference.

Governor Yang Xizong said: In the province, there are about 570,000 square meters of land area, and the population of the province stands at 100.75 million. On our land there are abundant resources for agriculture, animal husbandry, wild animals, and wild plants, including precious animal and plant resources. Among them, the output of oil crops and raw lacquer rank second in the country; the quantity of tung oil for export constitutes one-half the total quantity for export in the country; the production of such products as silkworm cocoons and oranges rank first of the country; our province is where one of the three greatest forest regions is located, with timber reserves as high as 1.346 billion cubic meters; and our province is one of the five largest regions for animal husbandry, with the number of pigs, oxen, and buffalo ranking first in the country. There are great quantities of [word indistinct] which can be supplied to various other provinces and municipalities, and there are also abundant resources of pigskin. The quality of our goatskin is excellent.

Under ground are abundant resources of minerals, comprehensive in variety, very extensive in reserves, and they are easy to exploit and dress. Of the 78 kinds of mineral resources with their reserves already ascertained, the reserves of 28 rank first in the country. With regard to those having

realistic chances for exploitation, there is iron ore, along with many non-ferrous metals such as chromium, nickel, vanadium, and titanium; there is pyrite, which is interland with coal, enabling good economic results through comprehensive mining; there is rock salt, with its bittern containing a greater amount of chemical raw materials such as iodine, bromine, potassium, lithium, strontium, and boron; and there are lead-zinc ores associated with precious metals and rare metals such as molybdenum, cobalt, cadmium, germanium, indium, and gallium. Their reserves are concentrated, with the content of some rare metals high enough to merit single-metal exploitation, and thus running a single mine may obtain the results of two mines. There are also those having potential advantages like mirabilite, gold, lithium, tin, mercury, muscovite, and gypsum.

Our water resources are extremely rich. There are more than 1,300 large and small rivers, with reserves reaching 150 million kilowatts, which account for one-fourth of the total in the country. Over half of the counties in the province have coal reserves.

Governor Yang Xizong said that gratifying achievements have been made in the development of the national economy in our province. The total industrial and agricultural output value has increased from 4.351 billion yuan in 1949 to 59.36 billion yuan in 1983, an increase of nearly 11 times and an annual cumulative increase of 7.6 percent. Of this the industrial growth has been 57 times, an annual cumulative increase of 12.7 percent; and agricultural growth 2.8 times, an annual cumulative increase of 4 percent. Since the 3d Plenary Session of the 11th CPC Central Committee, the responsibility system with payment linked to output has been implemented in the rural areas, the decisionmaking power of enterprises has been expanded in cities, the industrial and agricultural production has gradually stepped onto a path of healthy development, and the economic results have been gradually enhanced. Last year the total agricultural output value reached 25.36 billion yuan, the gross grain output topped the highest level in history, reaching 80.17 billion jin, and the output value of forestry, animal husbandry, and fishery accounted for 36.4 percent of the total agricultural output value; the output value of enterprises in townships and town reached 5.07 billion yuan; and there were initially established 87 counties producing commodity grain, 20 counties mainly producing cotton, and 21 counties mainly producing sugarcane as well as bases for planting economic crops such as oil crops, sugar, ramie, and tobacco.

There are over 46,000 industrial and communications enterprises in the province, among which there are 408 large and medium-sized key enterprises. A comparatively comprehensive industrial system has been formed, comprising metallurgy, coal, chemical engineering, construction materials, electric power, natural gas, military industry, machinery, electronics, and light industry, which basically constitute an industrial base of a certain scale with Chongqing, Chengdu, Zigong, Luzhou, Dukou, and Deyang as the main force each with its own characteristics. Twenty-nine industrial cities each comprising over 50,000 people and over 40 industrial towns each comprising 20,000 people have been built; the number of machine tools in the province ranks second in the country; the production capacity of departments like metallurgy, machinery, and the military industry occupy an important position; and the production of chemical fertilizers, cement, cotton cloth, mirabilite, and farm chemicals also have certain

advantages. In our province there are 62 kinds of products which have successively won gold or silver medals of the state, and 94 kinds of products which have acquired the title of superior quality products awarded by the departments in charge under the State Council or by the provincial authorities.

In recent years the speed of development for the light industry and textiles industry in our province has been accelerated, with their output value in 1983 reaching 16.37 billion yuan, and with the ratio of industrial output value between light industry and heavy industry rising from a proportion of 2 to 8 to a proportion of 5 to 5. The heavy industry has paid attention to bringing the technical advantages into play, the orientation of service and the structure of products have been readjusted, and the ability of adaptability has been enhanced. The energy industry has been developed considerably, and communications and transportation have also been developed rather rapidly, with 6 railway trunk lines and 10 branch lines extending 2,696 km. Highway mileage stands at 86,000 km, and in over 90 percent of the communes there are cars. After dredging and construction work carried out in the inland rivers, navigation can be conducted on more than 100 large and small rivers. Concerning civil aviation, 23 air routes have been operating with direct flights to more than 10 provinces and municipalities, and the situation of "Sichuan roads being difficult of access" has been greatly changed.

CSO: 4006/625

PROVINCIAL AFFAIRS

HUBEI HOLDS CONFERENCE ON REORGANIZING ENTERPRISE LEADERSHIP

HK291152 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 26 Jun 84

[Text] On the evening of 25 June the provincial CPC committee held a telephone conference. Liu Qizhi, director of the organization department of provincial CPC committee, delivered a speech on speeding up reorganization of leading bodies of enterprises in the province.

In his speech Liu Qizhi affirmed the achievements the province has made in reorganizing leading bodies of enterprises in the preceding stage. He then pointed out: Compared with prescribed requirements the province still lags far behind in the work of reorganizing and building leading bodies of enterprises.

Liu Qizhi put forth four suggestions on work in the next stage:

1. Adhere to prescribed requirements and speed up the reorganization of leading bodies of enterprises.
2. Continue to eliminate the influence of leftist ideas. Resolutely and boldly select some young cadres who have knowledge and a pioneering spirit to enter the leading bodies of enterprises.
3. Integrate the reorganization of leading bodies of enterprises with the reform of the cadre system in enterprises.
4. Strengthen leadership over the work of reorganizing and building leading bodies of enterprises.

Shen Yinluo, deputy secretary of the provincial CPC committee, delivered a speech at the conference. He said: It is necessary to grasp the reorganization of leading bodies of enterprises with the spirit of reform. It is necessary to eliminate leftist influence and select and promote talented people without restraint of style. It is necessary to adhere to the four requirements for cadres when reorganizing leading bodies. It is also necessary to pay attention to selecting and promoting female cadres.

CSO: 4006/625

PROVINCIAL AFFAIRS

LIAONING: QUAN SHUREN SPEAKS ON ECONOMIC SITUATION

SK300426 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 29 Jun 84

[Excerpts] This afternoon, the provincial people's government held an enlarged plenary session. Governor Quan Shuren spoke on the provincial economic situation in the first half of this year and planned for the economic work in the second half of the year.

Governor Quan Shuren pointed out: In the first 5 months of this year, the provincial economic situation was very good, the industrial production increased comprehensively, economic results were improved remarkably, the output value, profit, and the delivered profits and taxes increased at the same pace, and purchases and sales on urban and rural markets were also brisk.

The problems existing in the current economic work are: The growth rate of the industrial production has slowed up. Enterprises' costs have not come down. Quality of some products has declined. Safety in production has not been good enough. Shortages of energy resources and in the traffic and transport services still exist. The growth of crop seedlings is not as good as in the past year as a result of the low temperatures and serious drought.

In planning for the work in the second half of this year, Governor Quan Shuren stressed that at present, the provincial people's government and all departments at the provincial level should pay attention to conducting comparison and examination on party rectification work, attain all party rectification tasks, and promote the reform, the economic work, and the three fundamental improvements with party rectification.

CSO: 4006/625

PROVINCIAL AFFAIRS

LIAONING ISSUES NO 1 DOCUMENT SPREADING PROVISIONS

SK040712 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 3 Jul 84

[Text] The Liaoning Provincial CPC Committee recently put forward the following five demands for further deeply implementing the 1984 No 1 Document of the CPC Central Committee in an overall way:

1. It is necessary to adopt various effective measures to organize cadres and the masses to study again the No 1 Document of the CPC Central Committee. On the basis of taking the lead in the study activity, party committees at all levels should make full use of summer hoeing period to hold again rotation training classes among cadres at grassroots levels so as to study again the No 1 Document and to conduct again education and propaganda work among the people.
2. By taking the No 1 Document as a guideline, efforts should be made to vigorously organize specialized commodity production in rural areas. We should clearly understand the new situation and tasks so as to pave new roads and to successfully grasp new measures for solving new problems. Efforts should be made to achieve new changes in ideology, work, and workstyle and to earnestly investigate, sum up, and popularize the new things and the experience gained in developing specialized commodity production so as to push specialized commodity production to a new stage.
3. It is necessary to study the spirit of the No 1 Document to accelerate the pace of conducting overall reforms in rural areas. In his government work report, Premier Zhao pointed out that the guideline of conducting urban reforms is titally suitable to rural areas. Therefore, we should integrate the study of the No 1 Document with that of the government work report and should introduce the good experience gained in conducting urban reforms into the transformation program of rural area.
4. It is necessary to earnestly examine the implementation of the No 1 Document in line with the spirit of the party rectification drive. Units that have begun with the party rectification drive or have entered the examination and comparison stage in the course of party rectification should examine themselves as to whether or not they are in unison ideologically and politically

with the CPC Central Committee. Other provisions that run counter to the No 1 Document should be resolutely discarded. Meanwhile, thorough efforts should be made to find out who is to blame for setting up such provisions.

5. Deeply implementing the No 1 Document is the task undertaken by the departments in charge of rural work and also by other departments, and also is the task undertaken by the entire party. Party committees at all levels should put the task on their important schedule and should conduct investigation and study in a frequent manner so as to carry out supervision, sum up experience, deal with problems, and implement the document in a creative way.

CSO: 4006/625

PROVINCIAL AFFAIRS

JILIN: PEOPLE'S CONGRESS STANDING COMMITTEE MEETING

SK040600 Changchun Jilin Provincial Service in Mandarin 1030 GMT 3 Jul 84

[Text] The eighth standing committee meeting of the sixth provincial people's congress was held in Changchun from 26 June to 3 July. Yu Ke, chairman of the provincial people's congress standing committee, relayed guidelines of the second session of the Sixth NPC. Zhang Fengqi, vice chairman of the provincial CPPCC committee, relayed guidelines of the second session of the Sixth National CPPCC Committee.

Through conscientious study and discussions, participants unanimously held that the two major matters defined in Premier Zhao Ziyang's government work report on particularly attending to system reform and opening to the outside world in future economic work conform to our country's actual situation. They are major policy decisions of strategic importance, reflecting the common desire of the people of various nationalities in China.

All participants pledged to enhance their understanding through studying the document guidelines, to further emancipate thinking, to participate in reform vigorously and enthusiastically, and to follow the road of reform unswervingly.

In the course of discussions, the committee members also offered some opinions and suggestions concerning urban reform in line with the province's actual situation.

During the session, the committee members heard an explanation by Deputy Governor Wang Jinshan on the draft Jilin provincial land management provisional regulations, and explanation by (Wang Zhenying), chairman of the provincial women's federation, on the draft Jilin provincial regulations on protecting the legal rights and interests of women and children. They also discussed the above draft regulations and made suggestions for revision.

While concluding the meeting. Chairman Yu Ke spoke on further carrying out the people's congress standing committee work. He stressed: The people's congress standing committees at all levels should deeply study the guidelines of the second session of the Sixth NPC and the directives given by the central comrades, including Yu Yaobang, when they inspected our province and should realistically implement them in line with reality.

Also attending the meeting were vice chairmen of the provincial people's congress standing committee, including Yang Zhantao, Liu Cikai, Cheng Shengsan, Wu Duo, Yu Ruihuang, Dong Su, (Yuanqing Jiamusi) and Zhu Jinghang. Deputy Governor Liu Shulin attended the meeting as an observer.

CSO: 4006/625

PROVINCIAL AFFAIRS

YUNNAN HOLDS CONFERENCE ON SPEEDING UP ECONOMIC REFORM

HK291128 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 27 Jun 84

[Excerpt] On 26 June, the provincial people's government held a telephone conference to exchange experiences on reforming the economic system and to make arrangements for reform in the next stage.

Provincial Governor Pu Zhaozhu presided over the conference. He said there are two demands concerning urban reform, namely: 1) We must have a sense of urgency and must not delay urban reform. If we delay the reform, then this year's economic results will be adversely affected; and 2) we must carry out reform as soon as possible and must not merely pay lipservice.

At the telephone conference, leading comrades of the Dali Prefectural CPC Committee, Yiliang County government, and the provincial construction materials company introduced their experiences. On behalf of the provincial people's government, Provincial Vice Governor Zhu Kui affirmed what Dali Prefecture and other prefectures, counties and units have done. He also put forward concrete demands on the work of reforming the economic system in the next stage.

The vice governor said: Rapid progress has been made by Dali Prefecture and other prefectures, counties and units in reforming the economic system. Their common experiences are that leaders must attach importance to it and principal responsible comrades must personally grasp it. They must dare to abandon old conventions and concepts and vigorously carry out reform.

He pointed out that although the province has made some progress in reforming the economic system, development has been uneven.

He said: It is necessary to take effective measures to swiftly change this situation and push forward various reforms. The provincial government believes that the following several tasks must be done at present:

1. It is necessary to deepen our understanding and unify our thinking.
2. We must straighten out our ideological line and dare to seek truth from facts.

3. We must grasp the essential and properly carry out urban reform.
4. All fields must support the reform and coordinate well.
5. It is necessary to strengthen leadership over reform of the economic system.

CSO: 4006/625

ECONOMIC PLANNING

ARTICLE ON DIFFICULTIES IN DEVELOPING HAINAN

HK020701 Beijing RENMIN RIBAO in Chinese 27 Jun 84 p 3

[Article by RENMIN RIBAO reporter Guo Weicheng [6753 0251 2052]: "Have a Scientific View on Hainan--Specialists and Scholars on How To Develop Hainan Island"]

[Text] The stage has been intensely set for the development and construction of Hainan. The CPC Central Committee and the State Council have decided to give impetus to the development of Hainan by opening it to the world. People say that we have devoted several decades to its development, but this time they have got to the heart of the issue at last. There should be hope for Hainan's takeoff.

In order to develop a place, it is necessary to have an understanding of the place to be developed. How should we look at and understand Hainan? With this question in mind, I paid a visit to Hainan and asked the opinions of experts and scholars in various fields.

Hainan's Disadvantages

More often than not, people talk about its advantages whenever a treasure island is mentioned. However, Professor Lin Ying, president of Hainan University, on meeting with me discussed the disadvantages of Hainan. As an educator, he regretted to see that culture and education have not flourished on Hainan. One of Hainan's disadvantages is the serious shortage of gifted people. If the problem is not resolutely solved, the development of Hainan will be gravely hindered.

Another disadvantage, according to this well-known expert in plant and forest ecology, is that Hainan is a tropical island with an abundant annual rainfall of 2,000 mm. This is an inherent disadvantage instead of an advantage. The hump of Wuzhi Shan in the central part of the island looks like a pot turned upside down. The highland in the central part of the island is surrounded by low land on all sides. Thus, the rivers are short. The heavier the rain, the more serious the problem of soil erosion. In the Tang Dynasty, Li Deyu was banished from the court to Yazhou in South Hainan. He headed south from Qiongzhou in the north. However, he could not get through. He tried to go to Yazhou by way of Wenchang in east Hainan. This time the road was blocked

by forests. We can see that there were dense forests then. At that time over 80 percent of the land was covered by natural vegetation. Later the forests were destroyed as a result of various factors. At present, only 9.8 percent of the land is covered by natural vegetation. With the destruction of the natural vegetation, organic substances in the topsoil are exposed. Naturally, they cannot stand the erosion by rain. It can be said that in addition to water, the blood of the treasure island is also flowing down the Nandu He, Wanguan He, and Changhua Jiang. In order to carry out construction in Hainan, it is necessary to vigorously solve the problem of water and soil conservation. It is necessary to grow plants in order to cover the ground with vegetation, to take the road of bio-agriculture which combines forestry with animal husbandry, to strive to rebuild the tropical rain forest, and to make the configuration of forestry three-dimensional and multi-level so that forests, tall trees, shrubs, rattan (or grasses), and mosses can exist side by side. In this way much water can be absorbed and conserved. This is an important issue which affects the future of the industrial and agricultural development of Hainan.

The Need To Have a Three-Dimensional Tropical Economic Structure

On the problem of three-dimensional structures, Ou Jinhan and Professor Lin Ying can be said to be two experts of more or less the same opinion. Ou Jinhan, director of Baoting Institute of Tropical Crops, is an expert in breeding trees. Ou Jinhan came to Wuzhi Shan from Nanjing in 1954. Since then he has spent more than 20 years growing rubber trees and has successfully cultivated a fine strain of highly wind-resistant and high-yield asexual rubber trees which can adapt to the conditions of Hainan. It is only natural that Ou Jinhan should "bombard me with things about rubber trees." To my surprise, on seeing me, he immediately said that growing tropical crops should be very far beyond the growing of rubber trees. The Baoting Institute of Tropical Crops has cultivated more than 300 tropical crops; in fact, more than 300 sample plants for exhibition. This is a result of the fact that for years, we have spent too much time and effort on the "key links." [Word indistinct] people "took grain as the key link," we "took rubber as our key link." We were restricted by the "key links." In order to build and develop Hainan, it is necessary to have a multi-level and three dimensional tropical economy and to proceed from one-crop plantations in the direction of diversification. That means we must not develop the growing of rubber trees only. We must also develop the growing of tropical fruits and those medical plants grown in the south. Only in this way can we give impetus to the economy.

Hainan is a land of sharp contrasts in physical features, said the tropical crop expert, and one finds the scenes in two places several dozens of li apart totally different. Thus, in growing tropical crops it is necessary to suit measures to local conditions. Some tropical crops cannot be easily grown in plantations. However, if they are carefully grown on a household basis, the results are much better. We are now confronted with the problem of how to strengthen scientific research and how to properly popularize scientific research results.

Hainan Has the Conditions for Turning Itself Into a Tropical Fruit Base

All the remarks made by Professor Huang Changxian were related to his expertise. On seeing me, he excitedly told me that he had discovered in Qiongzong County, central Hainan, several hundred Siamese pomelo trees, a rare species which for years could not be found in the mainland. This kind of pomelo has a high nutritive value and its vitamin content is higher than those of oranges and mandarin oranges. Professor Huang, who is over 70, created a furor in the United States in the 1940's by bringing in "seedless watermelons." People called him the "king of watermelons." He told me that in order to compare the conditions in Hainan for growing tropical fruits with those in other places, he went to Taiwan in 1947 to study the conditions there. Conditions for growing tropical fruits in Hainan are more favorable than those in Taiwan. Some fruits, such as cashews, cannot be extensively grown in Taiwan. Thus, production of such nuts in Taiwan is of little commercial value. However in Hainan they can be grown along the extensive coastal areas stretching from Lingshui County in the southeast to Dongfang County in the west. Cashews have a 21 percent protein content and a 47 percent fat content. Its nutritive value is high and it is one of the four most important dry fruits in the world. Some other fruits, such as mangosteen, queen of tropical fruits, rambutan, king of all fruits, durian, mango, jack fruit, and sapodilla, can only be grown on this tropical island. However, we have let our treasure island stand idle.

Hainan's advantages include its abundant tropical fruits, the tropical climate, and its soil, said Professor Huang. However, the rich resources remain useless if we do not find a way to utilize and exploit them. The Chinese gooseberry has a history of 2,000 years in China. After introducing it from China, New Zealand has turned it into a horticultural product and an important source of foreign exchange income. In the past, we paid no attention to it and did not study it, not to mention utilize it. Thus, many of these fruits remain wild plants and some may be made specimens only. Some of them are even on the verge of extinction. It is really a pity.

A Scientific Approach Should Be Stressed in Development

"In order to bring about development, it is necessary to emphasize a scientific approach and not to do things in an arbitrary way." This is the conclusion drawn by Hao Yonglu, assistant research fellow of the South China Tropical Crops College and South China Institute of Tropical Crops, from his experience over the years. Hao Yonglu is concurrently the deputy director of the office in charge of the plans for classifying tropical crops instituted in Hainan by the Ministry of Agriculture, Animal Husbandry, and Fishery and the chairman of the board of directors of Hainan Society of Ecology. He recalled that in the past we blindly encouraged the peasants in Hainan to grow oil palm trees. However, as we did not know the ecological conditions for the growing of oil palm, we planted it everywhere without planning and the trees grown did not yield anything. Now there are peasants who assume contracted responsibilities for waste hillside land and who grow sugarcane extensively on it. They set fires to burn away the wild grass before they plant. For

the first year or two the yield is high. However, torrential rains wash away the organic matter. Thus, yields in the ensuing years decline. Slash-and-burn cultivation can do harm to ecological conditions. We should encourage the peasants to grow sugarcane on the plains and low-lying land, to grow rubber trees, medical plants, and lemongrass on hill slopes, and to grow trees in order to rebuild and extend the tropical rain forest. This is a long-term plan for becoming rich and it can contribute to ecological balance.

Hao Yonglu said that the tropical climate and the soil are an obvious advantage of Hainan. As a result of its late development, about one-fifth, or in other words more than 10 million mu, of its land lies idle. It is necessary to properly study the problem of how to exploit and utilize it and to make plans. We should learn from the experience of other countries in developing tropical areas. We must not have one-track minds and we should suit our measures to local conditions in order to comprehensively exploit and utilize the land.

Solve the Problem of Food Supply With the Idea of Integrated Agriculture

To this day, Hainan still is not self-sufficient in grain. Experts from all over the country have gone to Hainan to breed seeds. However, popularization of fine hybrid species of paddy has been a failure in Hainan and output remains low. Is this not strange? I raised this question with Zhang Xiancheng, director of the Science and Technology Commission under the Hainan Commissioner's Office and an expert in breeding paddy seeds.

The tropical climate in Hainan is characterized by abundant sunlight and a great diurnal range of temperature, said Zhang Xiancheng. Thus, it is suitable for the growth of paddy. However, the people here are less educated and they do not readily accept advanced techniques and the fine hybrid paddy species. The traditional mode of cultivation, that is, slash-and-burn cultivation, coupled with the backward way of raising animals--cowsheds and hogpens are not built for cattle and pigs, and hence the organic fertilizer is wasted--keeps grain output low. Consequently, Hainan has to import 5 million jin of grain each year. If this situation remains unchanged, development and construction will be hindered. To be sure, in order to solve the problem of grain supply, it is necessary to rely on scientific cultivation, to increase the per unit area yield, but not to devote more land to growing crops. Thus, it is necessary to guide the production of grain with the idea of integrated agriculture, animal husbandry, and forestry. In this way, agriculture is ensured and given impetus by the development of forestry and animal husbandry and agriculture can support other industries. Otherwise, grain, what people previously considered to be a key link, will become our only product and the problem of food supply still will not be solved.

Substantial Results Should Be Stressed in the Development and Construction of Hainan

Unexpectedly, I met Zhuo Jiong, a noted economist, in Hainan and I asked him to look at the development and construction of Hainan from an economist's point of view.

Our revered Comrade Zhou thought the principle of developing Hainan is correct. However, Hainan has only a shaky foundation in all areas. This is one thing to which the decisionmakers in Hainan and the departments concerned should pay attention. Thus, in the course of development and construction, investment should be based on the actual circumstances and substantial results should be stressed. At present, the heart of the issue is that there is the absence of a developed commodity economy in Hainan. Our socialist commodity economy is a consciously guided one, not a spontaneous one. Thus, there is the need to strengthen research and guidance. At present Hainan should not be developing its economy in a general sense. It should be paying close attention to developing a commodity economy. In the course of construction, the starting point for each project is whether or not it can bring about the best economic results in the shortest possible time. It is a pity that not enough attention has been paid to this point. It seems that there is the need for Hainan to develop natural science and technology. In addition, it should also vigorously develop social science.

The above is indeed something keenly felt by a venerated social scientist.

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ECONOMIC PLANNING

GUANGMING RIBAO ON PLAN FOR TURNING WUHAN INTO 'SUPERMARKET'

HK300829 Beijing GUANGMING RIBAO in Chinese 18 Jun 83 p 1

[Report by reporter Ding Bingchang [0002 3521 2490]: "More Than 40 Specialists Draw Up Plan for Turning Wuhan Into a Supermarket in the Chang Jiang Basin"]

[Text] In the recently concluded theoretical symposium on Wuhan's economic and social development strategy and comprehensive reform of the economic system, more than 40 specialists put forward their brilliant ideas and plans. The 7-day, high-level consultant meeting represented the first step taken by the Wuhan City CPC Committee and people's government to implement the decision of the CPC Central Committee and the State Council on carrying out experimental comprehensive reform of the economic system in Wuhan.

The specialists held that as an economic center, Wuhan should have the whole country in mind and the whole world in view when considering its development strategy. They reached a consensus, namely, that Wuhan should be built into a big port accessible to the sea and a center for domestic and foreign trade.

"Wuhan should be turned into a supermarket in the Chang Jiang basin" so that "the whole country and the world collect and distribute their commodities here." That is the advice offered by Tong Dalin, deputy director of the State Structural Reform Commission. Wang Qun, first secretary of the city CPC committee, could not set still any longer. It happened that last year the city set about organizing the construction of 10 trade centers for industrial goods, 10 fresh fruit and aquatic food markets, 10 commercial streets, and more than 300 trading company warehouses. Wang Qun said: This pace should be greatly quickened in order to invigorate the circulation channels quickly.

The specialists offered much wise counsel on how to invigorate enterprises. The city authorities are putting tentative plans into practice: Organizing a production combination which takes key enterprises as its backbone and which integrates different departments and localities at various levels, such as the metallurgical industry, shipping, and motor transport; organizing a coordinated process which takes key products as its backbone and which combines the production and sale of freezing equipment, medicines, and household

electrical appliances; and implementing numerous kinds of technical and economic combinations between workers and peasants on the one hand and town and county on the other and between enterprises and scientific research and educational units.

A specialists put forward two suggestions: 1) It is necessary to gain the good reputation of attaching importance to knowledge and intellectuals; and 2) It is necessary to gain the good reputation of supporting reform and of being bold in backing up reformers. Wang Qun agreed again and again. The city CPC committee plans to sum up the methods implemented in some departments and units, such as the system of fixed terms of office, the system of inviting applications for certain jobs, and the election system, in order to promote the reform of the cadre personnel system throughout the city.

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AGGREGATE ECONOMIC DATA

JIANGSU STATISTICAL BUREAU ON 1983 ECONOMIC PLAN

OW271616 Nanjing XINHUA RIBAO in Chinese 15 Jun 84 p 2

[Communique issued by Jiangsu Provincial Statistical Bureau on 12 June 1984 on Results in Implementing the 1983 Plan for National Economic and Social Development in Jiangsu]

[Text] Under the direction of the guidelines laid down by the 12th National CPC Congress and the Sixth National People's Congress to "create a new situation in all fields of socialist modernizations", and after a year of arduous work, the people in Jiangsu have attained fresh achievements in promoting economic and social developments in 1983. The total agricultural and industrial output value for the whole year reached 82.432 billion yuan, marking an increase of 11.9 percent compared with 1982. The preliminary estimate for the 1983 national income was 37.28 billion yuan, up 11.3 percent, compared with 1982. The provincial revenues were 7.307 billion yuan, up 9.7 percent, compared with 1982. In 1983 total output value of agriculture and the output of 41 major industrial and agricultural products, including grain, cotton, oil-bearing seeds, cloth, coal, crude oil, hand-guided tractors, bicycles, television sets and so on, already reached the targets set for 1985 in the "Sixth Five-Year" Plan 2 years ahead of schedule. The market in rural and urban areas was brisk, and the people's living standards continued to rise, along with the growth in production.

I. Agriculture

In 1983, our province was hit by serious natural disasters, such as hail, low temperatures, torrential rainfall and waterlogging. But the all-round institution of the family-based rural responsibility system, which links output with economic benefits, continued to mobilize the initiative of the peasants to achieve prosperity through their own labor. The popularization of agro-techniques and fairly good weather in the late crop-growing period, contributed to another good harvest. Total annual output value of agriculture this year was 25.551 billion yuan, up 9.2 percent from 1982. If the industrial output value of 6.161 billion yuan by rural enterprises is deducted from the sum, the figure would be 19.39 billion yuan, up 5.9 percent from 1982. Of this, agriculture (crop cultivation) brought in 14.738 billion yuan, a 6.3 percent

increase over 1982; forestry 236 million yuan, up 10.8 percent; animal husbandry 3.421 billion yuan, down 1.9 percent; fishery 503 million yuan, basically the same amount as last year; and sideline production 6.653 billion yuan, up 24.6 percent.

As for the output of major agricultural products, the output of oil-bearing seeds, jute and ambary hemp decreased because the acreage of these crops was cut in a planned manner. The majority of other agricultural products hit an all-time high.

Output of major farm products follows:

| | 1983 | % increase over 1982 |
|---------------------|-----------------------|-------------------------|
| Grain | 61.06 billion jin | 6.9 |
| of which | | |
| Summer grain crops | 20.72 billion jin | 2.6 |
| Autumn grain crops | 40.34 billion jin | 9.3 |
| Cotton | 13.257 million piculs | 15.1 |
| Oil bearing seeds | 14.741 million piculs | -19.8 |
| Tea | 153,000 piculs | 4.9 |
| Silkworm cocoons | 968,000 piculs | 2.8 |
| Sugar bearing crops | 2.42 million piculs | 29.2 |
| Jute, ambary hemp | 770,000 piculs | -21.1 |

The work of tree planting and afforestation by all the people has rapidly developed. A total of 263,000 mu were afforested in the province in 1983, a 5.3 percent increase over 1982. The survival rate of saplings improved.

Increases, as well as decreases, were registered in animal by-products. Due to the popularization in breeding hogs with lean pork, the output of pork per hog was reduced. Although the number of big porkers slaughtered in the whole year had increased, the output of pork had decreased over 1982. Fairly large increases in the output of milk and eggs were registered.

Output of major animal and poultry products, and the numbers of livestock follows:

| | 1983 | % increase over 1982 |
|--|---------------------|-------------------------|
| Output of pork, beef and mutton of which | 2.36 billion jin | -5.8 |
| Pork | 2.3 billion jin | -6.0 |
| Big porkers slaughtered | 20.718 billion head | 2.1 |
| Cow and goat milk output | 97.306 million jin | 15.0 |
| Output of poultry and eggs | 642.021 million jin | 19.9 |
| Hogs at year end | 18.742 million head | -5.2 |
| Large animals at year end | 989,000 head | -4.4 |
| Sheep at year end | 4.78 million head | -9.7 |

The output of aquatic products in 1983 was 491,000 tons, 0.9 percent more than in 1982, of which the total catch of marine products was 216,000 tons, an 11.5 percent decrease, and that of freshwater products 275,000 tons, a 13.4 percent increase compared with 1982.

The amounts of farm machinery continued to increase. The system of management of farm machinery has developed from a unitary collective management to a form of diversified management by the collective, by joint households, and by individuals. The varieties of farm machinery are also being developed towards diversified management, instead of being determined by crop pattern. At the end of 1983, the total power capacity of farm machines was 19.461 million horsepower, 8.9 percent more than at the end of 1982. The number of medium-sized and large tractors was 18,700, marking an increase of 3.3 percent. The number of small capacity and walking tractors was 386,000, marking an increase of 17.5 percent. The corresponding figure for farm irrigation and drainage equipment was 6.143 million horsepower, up 1.0 percent, and that for heavy-duty farm trucks was 5,562, up 31.0 percent. The total horsepower for motorized transport boats was 830,000, up 10.8 percent; and that of rubber-tire pushcarts 3.398 million, up 17.2 percent. The total consumption of electricity in rural areas was 4.76 billion kilowatt-hours, an increase of 11.7 percent over 1982. A total of 1.498 million tons of chemical fertilizer (converted to pure products) was applied to farmland, a 2.2 percent increase over 1982.

II. Industry

Adhering to the principle of readjustment, Jiangsu' industry continued its growth in 1983 despite difficulties caused by shortages in 1983 despite difficulties caused by shortages in energy and raw and processed materials. The total industrial output value was 56,881 million yuan in 1983, an increase of 13.1 percent over 1982. If the industrial output value included that of the rural industry run by production brigades and teams, it was 63,042 million yuan, up 13.8 percent from 1982. Of the total industrial output value, that of the industry run by townships and towns was 16,209 million yuan.

The output of 86 of the 100 major industrial products met or topped their state plans. These included rolled steel, crude oil, coal, electricity, cement, plate glass microcomputers, television sets, recorders, detergents, furniture, and liquor and wine. Fourteen products failed to meet their 1983 planned quotas, including tractors, clocks, and washing machines.

The total output value of light industry in 1983 was 33,387 million yuan, an increase of 12 percent over 1982. The output value of the food processing industry went up 3.7 percent and that of the textile industry 16.7 percent. The variety of marketed products increased somewhat.

Output of major light industrial products:

| | 1983 | % increase over 1982 |
|---------------------------------------|--|-------------------------|
| Cotton yarn | 399,500 metric tons | -44.4 |
| Cloth | 1,931 million meters (1,924 million square meters) | -8.4 |
| of which: | | |
| Chemical fabrics | 232 million meters | 37.1 |
| Woolen piece goods | 26.18 million meters | 27.5 |
| Silk textiles | 221.81 million meters | 8.6 |
| Gunny sacks | 50.20 million | 21.1 |
| Machine-made paper and paper board | 379,300 metric tons | 9.3 |
| Sewing machines | 824,800 | -13.5 |
| Bicycles | 2,818,400 | 23.2 |
| Wristwatches | 3,771,200 | 3.9 |
| Electric fans | 1,562,600 | -5.1 |
| Detergents | 50,200 metric tons | 25.2 |
| Liquor and wine | 463,900 metric tons | 14.0 |
| Salt | 1,721,400 metric tons | -2.6 |
| Cigarettes | 718,200 cases | 8.2 |
| Vacuum flask liners | 15.66 million | -0.3 |
| Radio sets | 7.29 million | 64.4 |
| Television sets | 965,100 | 13.1 |
| Recorders | 657,000 | 73.3 |
| Household washing machines | 140,900 | 62.1 |
| Household refrigerators | 22,695 | 260.0 |

The 1983 heavy industrial output value was 23,505 million yuan, an increase of 14.8 percent over 1982. Compared with 1982, the output value of the electric power industry went up 2.6 percent, that of the chemical industry (under the heavy industrial department) rose 12.6 percent, and that of the machine building industry (under the heavy industrial department) 21.1 percent (the output value of the electronic industry increased by 31.4 percent) [as published]. The output value of the building material industry went up 10.1 percent. As the heavy industrial department strived to meet the demands of economic development, the output of the majority of its products increased faster in 1983 than in 1982.

| | 1983 | % increase over 1982 |
|----------------------|-------------------------------|-------------------------|
| Steel | 721,900 metric tons | 15.5 |
| Pig iron | 865,300 metric tons | 6.2 |
| Rolled steel | 1,026,900 metric tons | 5.4 |
| Electricity | 18,489 million kilowatt hours | 2.6 |
| Coal | 19,158,700 metric tons | 6.3 |
| Crude oil processing | 4.93 million metric tons | 2.5 |
| Sulfuric acid | 1,057,000 metric tons | 4.5 |
| Caustic soda | 216,500 metric tons | 4.2 |

| [Table continued] | 1983 | % increase over 1982 |
|---|---------------------------|-------------------------|
| | | |
| Chemical fertilizers (converted into 100 percent) | 1,290,700 metric tons | 8.7 |
| Chemical insecticides | 87,500 metric tons | 22.5 |
| AC electric motors | 2,725,900 kilowatts | 17.0 |
| Transformers | 3,322,300 kilovolt ampere | 39.6 |
| Machine tools | 11,000 | 13.4 |
| Motor vehicles | 12,793 | 12.0 |
| Walking tractors | 67,200 | 20.6 |
| Internal combustion engines (sold as commodities) | 4,113,100 horsepower | 25.8 |
| Sprayers | 1,322,700 | 40.1 |
| Rubber-tired hand carts | 687,1000 | -3.8 |
| Cement | 8.63 million metric tons | 15.2 |
| Flat glass | 2,148,800 standard cases | 24.0 |
| Microcomputer | 369 | 500.0 |

The industrial sectors' economic performance continued to improve, but progress was slow. A total of 7 of the province's products won the state's golden awards, and 52 products, or 17 more than the preceding year, won the state's silver awards. Of the 54 major industrial goods appraised by the province, the quality of 16 improved, 27 remained the same, and 11 slipped, compared with the preceding year. Of the 62 major industrial goods, the consumption of raw and semifinished materials, fuel and power was lowered in the production of 35 of them, remained the same in the production of 17, and increased in the production of 10. In 1983, the 63 industrial enterprises, each of which consumed 50,000 metric tons of standard coal or more each year, conserved 312,000 metric tons of standard coal. Productivity in the state-owned industrial enterprises, authorized to practice the independent accounting system, grew by 7.1 percent over the preceding year, and the amount of profits from sale of goods and the amount of business taxes reached 6,077 million yuan, topping that of the preceding year by 6.1 percent. The amount of deficits incurred by unprofitable enterprises was 43.4 percent lower than the preceding year, and the length of turnover time for the fixed amount of circulating capital was shortened to 84.3 days from 87.7 during the preceding year, but the constant total cost of goods was only 0.61 percent lower than that of the preceding year. Some enterprises were slow in achieving better economic performance, and some products failed to meet the changes in market demand.

III. Investment in Fixed Assets

In 1983, state-owned units in Jiangsu invested 46,780 million yuan in fixed assets, collectively-owned units in urban and rural areas invested 792 million yuan in fixed assets, and peasants and urban residents invested 3,727 million yuan in housing construction.

Investment in capital construction was executed according to plan. In 1983, state-owned units invested 2,498 million yuan in capital construction, topping that of the preceding year by 455 million yuan, or an increase of 22.3 percent. Of this amount, the state's budgetary investment accounted for 1,054 million yuan, or an increase of 43.1 percent; 931 million yuan, or an increase of 9.1 percent, was raised locally or came from various other sources; and 258 million yuan, or a decrease of 4.4 percent, were domestic loans. After deducting the amount not to be audited, the total investment in capital was 2.29 billion yuan, which was below the target of 2,456 million yuan set by the state.

Investment in energy industry and transportation, postal and telecommunications projects increased. Of the total investment in capital construction, 319 million yuan, or 12.7 percent of the total investment, was spent on the energy industry; 316 million yuan, or 12.6 percent, on transportation, postal and telecommunications projects; and 306 million yuan, or 12.3 percent, on education and scientific research. In 1982, investment in these three categories was 12.5 percent, 10 percent and 11.5 percent respectively of the total investment. Proportionally, investment in the commercial area decreased. In terms of the nature of construction, investment in construction of productive projects increased from 56.2 percent in 1982 to 61.8 percent of the total investment in 1983, reaching 1,543 million yuan; and investment in construction of nonproductive projects decreased from 43.8 percent to 38.2 percent of the total investment in 1983, dropping to 955 million yuan. Of this amount, investment in housing construction was 565 million yuan, or 5.7 percent higher than the preceding year. Because of the restructuring of investment, the percentage of total investment dropped from 26.2 percent in 1982 to 22.6 percent in 1983.

Construction of major projects was accelerated. Of the amount of investment in capital construction, 1,516 million yuan, or an increase of 51.8 percent over that of the preceding year, was spent on central government projects; and 982 million yuan, or a decrease of 6.2 percent, was spent on local projects. Investment plans for such major construction projects as the Huaihai Cement Plant, Lianyungang Harbor, the Yizheng Chemical Fiber Industrial Corporation and so forth, were 95 percent accomplished. Of the 42 large and medium-sized projects, 5, namely the fourth-stage construction project of the Jianbi power plant, the spark plug plant under the Nanjing Electroceramics Plant, the Nanjing Astronomical Equipment Plant, the Nanjing Chemical Industrial Plant, and the Changzhou Battery Plant, were completed and put into operation.

Newly added production capacity and benefits derived from investing in capital construction projects included: Generating units with capacity of 303,000 kilowatts, 63.62 kilometers of power transmission cables (110,000 voltage and above), 429,000 metric tons of cement, 59,400 classroom seats for colleges and secondary professional and vocational schools. Also completed were fixed assets worth 1,571 million yuan, and building, with floor space of 6,121,100 square meters, including 3,871,800 square meters of living quarters.

Improvements were made in raising returns on investment in capital construction. The percentage of construction projects completed was raised from 41.4 percent in 1982 to 45.5 percent in 1983, and that of completed houses from 49.6 to 50.0 percent.

The technical transformation of old enterprises was further improved. A sum of 2.18 billion yuan was invested in renewing equipment and in other technical improvement projects in state-owned units in 1983, an increase of 43.9 percent over 1982. The proportion of investment used to increase energy output and introduce energy-saving devices went up from 9.1 percent in 1982 to 9.2 percent in 1983. The proportion used to increase product variety went up from 5.3 percent in 1982 to 7.6 percent in 1983, and that for improving performance and quality from 5.1 to 6.0 percent. However, not enough attention was paid to using new technology and developing new products. Still, 39.1 percent of investment was used in developing new, or expanding old, construction projects.

New achievements were made in geological work. Drilling completed in the year was 127,300 meters. New mineral-bearing areas of zeolite, lead, zinc, kaolin and other minerals were discovered, and prospective reserves of lead, limestone for making caustic soda, silver, cement rock, and clay for making pottery and porcelain were found.

IV. Transport, Posts and Telecommunications

Transport departments increased facilities, strengthened management and fulfilled their tasks fairly well in a strained situation in passenger and freight transport. The gross volume of goods transport by all means of transportation in 1983 was 34.972 billion ton-kilometers, up 6.0 percent from 1982. Of this, the volume of railway freight was 20.682 billion ton-kilometers, an increase of 4.0 percent; that of road freight 1.889 billion ton-kilometers, an increase of 12.2 percent; and waterway cargo 12.401 billion ton-kilometers, an increase of 8.8 percent. The volume of cargo handled by local ports was 80.585 million tons, an increase of 6.1 percent over 1982.

The gross volume of passenger transport by various means of transportation was 19.176 billion person-kilometers, a 12.1 percent increase over 1982. Of this, the volume of railway passenger transport was 7.943 billion person-kilometers, up 12.3 percent; of road passenger transport 10.275 billion person-kilometers, up 14.3 percent; and of waterway passenger transport was 958 million person-kilometers, down 6.4 percent.

Fairly fast progress was recorded in posts and telecommunications. Transactions in posts and telecommunications in the province in 1983 amounted to 142 million yuan, up 11.2 percent from 1982. Of this, letters handled went up 5.3 percent, newspapers and magazines distributed up 14.2 percent, telegrams up 11.1 percent, and long-distance telephone calls up 16.3 percent. The year-end number of telephone subscribers in urban areas was 12.8 percent over that of 1982, and that of telephone subscribers in rural areas 8.0 percent higher.

Economic results improved, to a certain extent, in departments of transport, posts and telecommunications. The rate of tonnage utilization of cargo trucks of various transport departments and that of inland water transport in 1983 went up 1.4 percent and 15.9 percent respectively over 1982. Fuel consumption for trucks per 100 tons-kilometer dropped by 3.0 percent and diesel oil consumption for cargo ships by 4.5 percent. Profits made by departments of transport, posts and telecommunications in 1983 rose by 27.6 percent over 1982. However, the development of transport, posts and telecommunications could not keep pace with national economic development as a whole. More and more goods were stockpiled, awaiting shipment, and passenger transport was crowded. A strained situation still prevailed in the field of telecommunications.

V. Domestic Trade

Commodity purchases by state-owned commercial departments and supply and marketing cooperatives increased in 1983. The total value of commodities purchased in 1983 reached 25.35 billion yuan, up 6.2 percent over 1982. Of this, purchases of farm and sideline products went up 11.4 percent, manufactured goods 3.4 percent and most major commodities increased over 1982. Of this, purchases of grain went up 15.1 percent, those of cotton 25.9 percent, hogs 1.9 percent, eggs 23 percent, bicycles 22.4 percent, television sets 11.1 percent, tape recorders 3.6 times and cloth of various kinds dropped 7.9 percent.

The total amount of commodities shipped out of the province by state-owned commercial departments and supply and marketing cooperatives reached 5.31 billion yuan, down 0.5 percent from 1982. The total amount of commodities shipped into the province from outside reached 4.11 billion yuan, up 14.1 percent over 1982. The total value of commodities in stock by the end of 1983 was 4.3 percent more than a year before.

Commodity supplies on the market further increased. The total value of retail sales in 1983 was 20.75 billion yuan, an 11.4 percent increase over 1982, or 10.5 percent if the rise in retail prices is ignored. Total retail sales of consumer goods increased 12.7 percent, and those of means of agricultural production, 5.7 percent. The volume of retail sales of most principal consumer goods increased over the previous year: grain, 0.8 percent; edible vegetable oil, 35.7 percent; pork, 5.3 percent; eggs, 19.2 percent; piece goods decreased 1.3 percent (of these, cotton fabrics decreased 19.9 percent); woolen piece goods increased 6.7 percent; silks and satins, 37.2 percent; television sets decreased 203. percent; recorders increased 170 percent; bicycles, 29.5 percent; wristwatches, 1.0 percent; and cameras, 36.1 percent.

Retail sales in all sectors of the economy increased, with the collective and individual economic sectors registering a faster growth. Total value of retail sales in the collective sector reached 5.31 billion yuan in 1983, up 12.5 percent from 1982. That in the individual economic sector reached 770 million yuan, a 220 percent increase. The collective sector's share of total retail sales value rose to 25.6 percent in 1983 from 25.3 percent in the previous year, and that of the individual economic sector reached 3.7 percent, compared with 1.3 percent in 1982.

Trade in urban and rural peasants markets was brisk. Total business turnover reached 2.5 billion yuan, 12.1 percent more than in the previous year. Turnover of meat, poultry, eggs, aquatic products, fruit and nuts increased more than 30 percent.

In 1983, there were both increases and decreases in urban and rural market commodity prices. List prices were basically stable, the peasants market prices increased, and the negotiated prices decreased slightly. Generally speaking, market prices were basically stable, with some increases. Foodstuffs went up 1.22 percent, of which nonstaple foodstuffs registered a higher growth; for example, fresh vegetables rose 9.39 percent, aquatic products, 6.58 percent, and nuts and fruit, 9.24 percent. However, the list prices of grain and edible oil were stable, and their market and negotiated prices even decreased somewhat. The prices of cigarettes, spirits, tea, canned food and dairy products also dropped to some extent. Clothing decreased 2.78 percent, cotton fabrics decreased, chemical fiber fabrics and chemical fiber-cotton blend fabrics decreased 19.08 percent. Articles of everyday use decreased 0.76 percent, and educational and recreational articles dropped 1.7 percent. The prices of clocks, watches, television sets, radio sets, and electric fans went down. Medicines rose 1.55 percent, and means of agricultural production went up 3.54 percent. The general index of retail commodity prices increased 0.76 percent over the previous year, with a 0.33 percent increase in cities, and a 0.196 percent increase in rural areas. The price index for the cost of living for workers and staff in the year rose 0.47 percent over the previous year. Of the cost of living price index, retail prices for consumer goods rose 0.33 percent, and those for urban services went up 2.03 percent. There still existed such phenomena as raising prices in a disguised form, or without authorization, and demanding more service fees.

Commercial departments had better economic results in 1983. The profits gained by enterprises under the provincial commerce department rose 6 percent over the previous year. The turnover period of working funds was shortened to 81 days, compared with 118 days in 1982. The profits gained by the supply and marketing cooperatives went up 4.5 percent over the previous year, and the turnover period of their working funds was shortened to 131 days from the previous year's 132 days.

VI. Foreign Trade and Tourism

In 1983, Jiangsu Province purchased foreign trade goods worth 4,316 million yuan, up 6.1 percent from the previous year, and fulfilled 116.7 percent of the purchase plan.

The total value of exports in 1983 was \$1.35 billion, registering a 15.1 percent increase, and fulfilling 114.7 percent of the annual export plan. If processing of materials for foreign businessmen and compensatory trade were taken into account, the total value of exports was \$1.37 billion, up 14.8

percent from 1982. Among the export commodities, the proportion of textile goods, silks and satins and light industrial products increased, while that of grain, edible oil and minerals decreased.

A total of \$77.7 million in foreign funds was used in 1983, including \$26.12 million in foreign loans, and \$51.58 million in foreign exchange loans extended by the Bank of China.

The tourist industry made further progress. A total of 354,700 people from 105 countries and regions came to Jiangsu in 1983 on tours and visits, and on trade, sporting, scientific and cultural exchanges, an increase of 6 percent over the previous year. They included foreigners, overseas Chinese, and Hong Kong, Macao and Taiwan compatriots. The foreign exchange income from these sources increased 15.6 percent over 1982.

VII. Scientific, Educational and Cultural Development

Of the 732 scientific and technological accomplishments submitted by various cities and departments in Jiangsu for awards in 1983, 328 were major accomplishments and 66 were submitted to the State Scientific And Technological Commission for assessment. Most of the scientific and technological accomplishments were new in the country, or reach advanced national level. Satisfactory results have been achieved in their actual application. The number of scientists and technicians continued to increase. By the end of 1983, there were 334,000 scientists and technicians in state-owned units, or 32,600 more than that of the preceding year. These scientists and technicians also worked actively in providing consultative service, in disseminating scientific knowledge, and in providing numerous valuable proposals needed for the formulation of economic policies.

Education continued to develop in the course of being restructured. In 1983, the 58 full-time institutes of higher education in the province enrolled 26,300 new students, or 5,900 students more than 1982. The total number of students already enrolled in these institutes was 79,000, topping that of the preceding year by 7,000. Of these institutes of higher education, nine professional colleges, or five more than 1982, were sponsored by the local authorities. The number of new students enrolled in these colleges was 1,200 more than that of 1982, and the number of students already enrolled in these colleges increased by 1,100. Institutes of higher education for adults (including college-level radio and televised courses, college-level correspondence courses, evening colleges, education colleges, workers colleges) enrolled 20,000 students, thus increasing the number of students enrolled in these institutes to 66,200. Scholastic tests were popular among young people engaged in independent study of various college courses. In 1983, over 50,000 people took part in such tests.

The structure of secondary education was improved. The total number of students attending all types of secondary schools reached 2,996,000 topping that of the preceding year by 54,000. Of this total number, 57,700, or an increase of 11,900 over 1982, were students of secondary professional schools; 64,700

or an increase of 28,200 over 1982, were students of agricultural schools; 15,200, or an increase of 1,700 over 1982, were students of technical schools; 376,900, or an increase of 39,400 over 1982, were students of senior middle schools; and 2,481,500, or a decrease of 27,100, were students of junior middle schools. The total number of adults enrolled in secondary schools was 739,300.

In 1983, the number of primary school students was 7,062,400, or a drop of 304,700 from that of the preceding year. The main reasons for the decrease of primary school students were the continual decrease of school age children, following the practice of family planning, and the number of graduates being larger than the number of new students. The total number of adult students studying primary school lessons was 475,400, or 174,600 more than the preceding year.

Cultural departments, the news media, and radio and television stations accomplished new successes in promoting socialist spiritual civilization. In 1983, the province had 4,776 movie projecting units of various types, 154 art performance groups, 112 cultural halls, 2,223 cultural stations, 89 public libraries, 21 museums, eight radio stations, 12 radio transmitters and relay stations, six television stations and 23 television transmitters and relay stations of at least 1,000 watts. In 1983, 582 million copies of 37 newspapers, 32.32 million copies of magazines, and 236 million copies of books or pamphlets were published.

VIII. Public Health, Sports

Public health continued to develop. By the end of 1983, hospitals in the province had 122,500 hospital beds, an increase of 2.1 percent over 1982; and the province had 172,200 health workers and technicians, an increase of 1.7 percent over 1982. Of this total number, 73,600 were doctors, an increase of 2.8 percent; and 32,700 were nurses, an increase of 7.4 percent. Patriotic health movement and prevention of diseases continued to develop.

Much headway was made in the sports field. In 1983, there were 1,168 county or higher-level sports meets throughout the province. Athletes of the province won 81 gold medals, 70 silver medals and 72 bronze medals at various major tournaments at home and abroad. Fourteen athletes qualified for the first six places in world tournaments, seven athletes qualified for the first three places in sports meets in Asia, and 14 athletes set 15 national records. In 1983, 2.63 million people in the province attaining the standards set in the "State Standards for Physical Training."

IX. People's Livelihood

Livelihood of people in cities and rural areas continued to improve. According to a sampling of the income and expenses of 4,000 rural families throughout the province, the average per capita net income of peasants in Jiangsu was 356.6 yuan in 1983 (including 313.7 yuan from production and other operations, and 42.9 yuan of cash and goods in kind remitted or brought back by

family members working in other parts of the country), representing an increase of 15.4 percent over the preceding year. Among those who were sampled, 15.5 percent had a net income of over 500 yuan, as compared with only 11.2 percent in 1982. According to a sampling of 730 workers' families in the province, the average per capita income expendable as living expenses was 498 yuan, or an increase of 5.5 percent over the preceding year. The actual increase was 5 percent, when increase of living cost was deducted.

In 1983, the province provided jobs to 114,400 people in cities and towns. By the end of 1983, a total of 71,135,300 people were employed, an increase of 141,600 people over 1982. Among them, 4,577,800 people, or an increase of 117,800, were employed by state-owned units; and 2,577,500 people, or an increase of 23,800 were employed by collectively-owned units in cities and towns. By the end of the year, 72,800 people in cities and towns, or an increase of 5.5 percent, were engaged in independent operations. The total amount of workers' wages was 5,078 million yuan. That was an increase of 5.5 percent. Of this total amount, 668 million yuan, or an increase of 9.5 percent over that of 1982, was spent as bonuses or pay for extra piecework. The province's average wage in currency [huo bi gong zi 6306 1578 1562 6327] for a worker was 723 yuan, an increase of 2.7 percent over the preceding year. The average wage of a worker working at a state-owned unit was 768 yuan, or an increase of 2.7 percent; and the average of a worker of a collectively-owned unit in a city or town was 643 yuan, also an increase of 2.7 percent. In 1983, the province paid 1,221 million yuan for workers' premiums and collective welfare services (including pension for retired workers); that was an increase of 23.8 percent over the preceding year.

Greater attention was directed to insuring workers' safety. In 1983, the number of workers who died on duty was 2 percent lower than that of 1982, and the number of seriously injured workers was 6 percent lower than that of 1982.

Savings by people in cities and towns continued to grow. By the end of 1983, the remaining sum of savings by people in cities and towns was 5,698 million yuan, a growth of 40.3 percent from that at the end of 1982.

In 1983, new houses with a total floor space of 7,185,000 square meters were built by state-owned and collectively-owned units. That was 79,000 square meters more than 1982. In 1983, about 1,346,000 square meters of private houses were built by people in cities and towns, or 47,000 square meters more than 1982. The peasants' private housing construction also increased rapidly.

Social services continued to develop. In 1983, 197,500 lonely, elderly and disabled people and orphans were provided for by rural collectives, and 1,184 old folks homes, an increase of 847, were set up in the rural areas to support 9,300 people, or 6,300 people more than 1982. In cities and towns, 5,700 people were taken care of by the 45 social and children's welfare centers there.

X. Population

By the end of 1983, the province's population had grown by 0.76 percent, reaching 61,349,000 people, or an increase of 460,500 people over that registered at the end of 1982.

[Note: The total value of industrial and agricultural output, the total value of industrial output, and the total value of agricultural output were all assessed on the basis of the constant value of 1980.)

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ECONOMIC MANAGEMENT

JINGJI YANJIU ON FINANCIAL SYSTEM REFORM, PLANNED ECONOMY

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[Article by Tian Yinong [3944 0001 6593] of the Ministry of Finance:
"The Relationship Between the Planned Economy and Reforms to the Financial System"--written March 1984]

[Text] The 12th CPC National Congress proposed the glorious strategic target that by improving economic results we should achieve a quadrupling of industrial and economic production value by the end of this century. The completion of this glorious historical task is not an easy matter. On the basis of the principles and policies outlined in the 12th CPC National Congress and the strategic arrangement of moving forward in two phases or steps, we must mobilize all positive factors and work hard and continuously to comprehensively open up a new phase in socialist modernized construction. Today an important task facing financial work in China is to steadfastly assess the experiences gained in reforms to the financial system and to probe how to positively and prudently continue reforms to China's financial system on the basis of the actual situation in China, so that it effectively promotes coordinated development of the major proportional relations in the macroeconomy and also helps to fully mobilize enthusiasm in all areas, thereby enlivening the economy. This is an important part of the construction of a characteristically Chinese style of socialism. Reforms to the financial system touch on many different areas and what follows is merely a discussion of some ideas concerning the relationship between the financial system and the planned economy.

I. The Planned Economy Is the Premise for the Construction of and Reforms to the Financial System in China

The construction of and reforms to the financial system require first and foremost a clarification of what kind of economic system it is being run under and what kind of economic laws it must submit to. China has realized the system of public ownership of the means of production and has established a socialist economic system. One of the basic traits of a socialist economic system is a planned economy, so that the national economy has a planned and proportional development.

In "Das Kapital" Marx proved that in capitalist production based on a system of private ownership, although planning exists within each factory, a state of anarchy reigns in society in general. The objectively required proportional relations of social production are achieved by means of countless regular "difficulties" and in the final event by sabotaging production by means of economic crises. The development of the social production forces inevitably produces an unavoidable conflict with the capitalist production relations and this eventually leads to the demise of capitalism. Under conditions of socialism the fact that public ownership of the means of production has been achieved means that planned organization of the various proportional relations is at last feasible. Marx pointed out very early on that a socialist economy would see planned and proportional development and this theory has been proved correct by practical proofs. Lenin also said "Capitalism will inevitably be replaced by a new social system and this system will include a planned economy." (Footnote 1) (Lenin: "Collected Works: To Charles Steinmetz," Vol 35, p 555). The emergence of the planned economy, as the system of public ownership and the socialist economic system are constructed, is an objective demand of the economic laws of socialism and also a manifestation of the superiority of the socialist economic system. We cannot refute the necessity of the planned economy simply by looking at some of the shortcomings in planning work produced as a result of various factors (such as insufficient experience, the errors of "leftist" guiding ideology, the 10 years of turmoil, and so on).

The victory of the socialist revolution in the weak links of the capitalist world, and primarily in one or several countries, differs from what Marx envisaged. Correspondingly, the planned economy in China is somewhat different from Marx' conception of society's total possession of all the means of production. Today in China the system of ownership of the means of production is not simply a system of public ownership, nor is it simply a system of ownership by the whole people. China's economy is centered on the system of ownership by the whole people and the system of ownership by the collective. It is a socialist economy which permits the coexistence of diversified systems of ownership and diversified forms of management. When we integrate the universal truths of Marxism with the actual situation in China, we find that apart from the planned economy there is also the question of regulation by the market. The relationship between the two should be that of the planned economy as central and regulation by the market mechanism as supplementary. This point was first mentioned by Comrade Chen Yun.

Comrade Chen Yun pointed out in September 1956, at the Eighth CPC National Congress, "the situation regarding our socialist economy is as follows: As far as production management in industry and commerce is concerned, state management and collective management are to be central, but there is to be, in addition, a certain amount of individual management. This individual management is to be supplementary to state and collective management. As far as production planning is concerned the majority of the entire country's industrial and agricultural products are to be produced according to planning, but at the same time some products may be freely produced within the permitted spheres of state planning, and according to

market changes. Planned production is central to industrial and agricultural production, while free production, within the permitted spheres of state planning and according to market changes, is supplementary to planned production. Hence the market in a socialist economy is not in any way the free market of capitalism, rather it is the unified market of socialism. In the unified socialist market, the state market is central, but there is also a free market under state control with specific limits to it. With state guidance this free market is supplementary to the state market and hence it is an integral part of the socialist unified market." (Footnote 2) ("Documents of the 8th CPC National Congress," People's Publishing House, 1957, p 336) These words provide a complete explanation of the principle of the planned economy as central and regulation by the market mechanism as supplementary and they are a development of Marx' theory of the planned economy. It is a pity that as a result of later "leftist" errors in guiding ideology, this correct principle did not achieve successful realization. After the 3d plenary session of the 11th CPC Central Committee, Comrade Chen Yun constantly reiterated the principle of the planned economy as central and regulation by the market mechanism as supplementary, demanding on the one hand that we appreciate the inevitability and necessity of regulation by the market mechanism, for even though it is subordinate, and secondary, it is nevertheless necessary, otherwise people might ignore the law of value and, without the concept of "profit," the result would be an economy of extravagance, and production would not be able to increase and enrich itself and everyday commodities would be extremely monotonous. On the other hand what he said also demanded that we uphold the principle of taking the planned economy as central and criticize any deviations from state planning in economic work, pointing out that the enlivening of the economy can only take place under the guidance of state planning, just as a bird can only fly within its cage. This "cage" is state planning. After the implementation of the rural responsibility system, the principle of the planned economy as central and regulation by the market mechanism as supplementary was upheld and there was no room for exceptions, for it was not possible to allow peasants to choose expedient measures which were only good for themselves. State construction must take place with the country seen as one vast chessboard and things must be done according to plans, otherwise there can be no proportional development of the macroeconomy.

Construction of and reforms to our financial system are carried out on the basis of just such principles; in other words, on the basis of this kind of socialist economic system, and so they must correspond to the demands of the socialist planned economy.

II. Assessments of Our Past Experiences in Reforms To China's Financial System May Be Summarized in One Point--That the Principle of the Planned Economy as Central and Regulation by the Market Mechanism as Supplementary Must Be Thoroughly Implemented

Since the founding of new China, reforms to the financial system have followed a twisting path and some comrades have referred to "overcentralization killing initiative. Initiative overkill raising outcries for decentralization, which in turn causes disorder. And disorder bringing centralization

back to where it all started in the first place, and so on, repeating endlessly." In actual fact the reality of the situation is not entirely like this. It should be said that the general trends is as follows: A move from decentralized management during the period of the revolutionary war to extreme centralization by 1950. After this there was a gradual transition from extreme centralization to graded administration under the unified leadership and unified planning of the central authorities. Naturally there was some repetition and twists and turns along the way. This kind of repetition and this kind of "overunification resulting in relaxation and overrelaxation resulting once more in unification reflected and made manifest whether or not the principle of the planned economy as central and regulation by the market mechanism as supplementary was actually being correctly implemented.

Looking back over the last 30-odd years, it is possible, basically, to divide the periods of reform to China's financial system and the times when finance and the economy have been well organized into three periods. They comprise the period of the first 5-year plan, the 1960's readjustment period, and the period from the 3d plenary session of the 11th CPC Central Committee to the present."

The first, during the first 5-year plan period, was a time when there were diversified forms of management mutually coexisting and when prices were stabilized on the basis of 1950's prices. These were objective factors. Subjective factors included accuracy of macroeconomic policies and the planned state organization of 156 key construction projects related to the main arteries of the country, while in addition projects involving the introduction of new things were well suited to the domestic productive forces. There was a state monopoly on the purchasing and selling of grain and various other major agricultural products, as well as cotton yarn and cotton cloth. In addition there were socialist transformations in many different forms in capitalist industry and commerce, such as the placing of orders with private enterprise for processing materials or supplying manufactured goods, and monopoly purchasing and guaranteed selling. Thus by means of direct and indirect planning and the use of such economic levers as taxation, credit, and prices, the state succeeded in including the major areas of the national economy within its planning system. As for the financial system, a financial system was implemented in the various regions known as "divided revenue and expenditure, graded management, and emphasized centralization." Thus each region had its own source of revenue and a certain amount of financial reserves, and a certain cash surplus every year. In enterprises the system of a bonus fund and sharing profits in excess of planned quotas was practiced and thus the enterprises did have a "little freedom."

During the period of readjustment in the 1960's, China implemented a rather centralized system, thereby retrieving the power and authority which had been excessively passed out and down during the "great leap forward." However this was not merely a repetition of the centralized system of the first 5-year plan. The work mainly concentrated on correcting "leftist"

errors and it was stressed that centralization was necessary to achieve the tasks of economic readjustment. At the same time attention was also paid to suitable liveliness and regulation by the market mechanism under state guidance, as well as to the role of such economic levers as price, taxation, and credit. For example, at the same time as guaranteeing fixed supplies for every household, some high-priced goods could be sold. While relaxing country fair trade, price measures were implemented so that high cost products were high-priced and low cost products low-priced. Agricultural taxation was greatly reduced and egalitarianism and indiscriminate transference of resources was put right. Furthermore, with regard to planning arrangements, attention must be paid to agriculture, light industry, and heavy industry in that order, as well as ensuring a comprehensive balance between finance, credit, and goods and resources. Because of the accuracy of guiding policies, the relationship between the planned economy and regulation by the market mechanism was handled fairly well and the national economy was quickly restored and then went on to develop. Many of the economic and technological targets reached in this period have remained the highest in the history of our country, even to this day.

After the 3rd plenary session of the 11th CPC Central Committee, reforms to the financial system entered a new historical stage. These reforms were comprehensive and touched on many different areas and they not only included the relationships between the center and the regions, but also focused on reforming the relationship between the state and enterprises, and even today such reforms are being implemented in the form of the enterprise bonus fund, retention of profits, diversified contracts, and the substitution of payment of taxes for delivery of profits. Because the party central authorities have restored order out of chaos and drawn up a correct party line, principles, and policies, this period has seen the national economy develop fairly quickly. There is an abundance of goods and materials on the market, there have been improvements in standards of living, and this is one of the best periods since the founding of new China.

When we say that the above-outlined three periods were the best in terms of system reforms and the general financial and economic situation, this does not mean that there were no shortcomings or problems during these periods. When we take a look back at these periods we see that during the period of the first 5-year plan and the readjustments of the 1960's there was excessive centralization in some areas and insufficient use of regulation by the market mechanism. During the period after the 3rd plenary session of the 11th CPC Central Committee, regulation by the market mechanism in some areas was too wide and there were some attacks on state planning. Funds were too decentralized and economic results were not high. However, because of a lack of experience it was inevitable that there would be some shortcomings or problems somewhere in the implementation. Today the central authorities are stressing the need to centralize funds so as to guarantee key construction and so that reforms to China's financial system will see further improvement, thereby conforming even better to the demands of socialist modernized construction.

III. Implement the Principle of the Planned Economy as Central and Regulation by the Market Mechanism as Supplementary and Correctly Handle Various Relationships in the Reforms to the Financial System

1. To accurately handle the relationship between centralization and decentralization, or rather between unity and relaxation, it is necessary to concentrate on centralization, on the basis of upholding the dialectical unity between centralization and decentralization. This corresponds to the present actual situation in China and the demands of the socialist planned economy. Comrade Chen Yun said that to advance from a basis of backwardness and impoverishment required the utmost centralization of financial and material resources and unified use of these resources, and that as long as we concentrate our forces together and make use of them where necessary, then it is entirely possible to get many important tasks done. On no account should we decentralize funds too much, so that every region and department chaotically tries to organize unplanned matters. It should be said that necessary centralization and suitable decentralization are both inherent requirements of socialism and, as with the planned economy and regulation by the market mechanism, one cannot ignore either one. However, in overall terms, the mainstay of China's economic activities should be the centralization of the planned economy, and not the decentralization of regulation by the market mechanism. If necessary centralized unity is weakened then it is not possible to guarantee that China's economy will progress along the socialist path. Judging by the history of system reforms in China, overcentralization and stifling is not good, while overdecentralization of financial resources is not acceptable either. Both must be implemented to a moderate degree only. As far as the extent of this moderation is concerned, and according to present methods of state budgeting financial revenue should not be less than about 28-30 percent of national revenue. Naturally, proportions are not fixed, but in any case, present financial revenue only makes up about 25 percent of the national revenue and this is clearly too low. Thus there should be suitable centralization so as to gradually increase this.

2. To correctly handle the relationships between the central authorities and the regions, it is necessary to guarantee the guiding position of the central authorities finances on the basis of upholding the principle of "unified leadership and graded management." At present, not only are China's financial resources limited, in addition, financial resources are very unbalanced because of the differences in the economic situations in the various regions. According to the financial system in 1981, of the country's 29 provinces, cities, and autonomous regions, revenue was greater than expenditure in 15 provinces and cities, while amounts turned over to the authorities varied. In two provinces revenue and expenditure was basically balanced, while in 12 provinces and autonomous regions, revenue was less than expenditure, thus requiring state subsidies. Thus the central authorities finances not only have to be responsible for key construction investments throughout the country and expenditure on national defense, in addition they also have to be responsible for regional adjustments. Hence the centralized funds of state finances should mostly be concentrated with the central authorities. At present, expenditures for which the central

finances are responsible make up more than 50 percent, while revenue directly organized by the central finances only makes up 20 percent, and most has to be "begged" from the various regions. This should not continue. While guaranteeing key state construction and vital central authorities expenditure, the regions should at all levels have financial power and financial resources which correspond to their needs, so as to make it easier for them to meet necessary regional expenditures by suiting measures to local conditions. The present effective measures, involving suitable attention to the national minority regions and providing necessary aid and support to economically undeveloped areas, should be continued. Finance requires unified planning and unified leadership. It also needs graded management and measures suited to local conditions. Because some comrades do not understand the situation they blame some of the present shortcomings in economic work on "eating from separate stoves." However, this does not correspond with reality. Naturally it should be admitted that the present financial system of "eating from separate stoves" is not perfect and it must be improved as the system of substituting payment of taxes for delivery of profits develops. However, in a country as big as ours, it is in no way feasible to adopt a system of state finances whereby everyone "eats from one stove," with unified revenue and unified expenditure.

3. To correctly handle the relationship between the state, the enterprise, and the individual, it is necessary to uphold the principle of the state coming first, followed by the enterprise, and finally the individual, all on the basis of equal consideration of the interests of all three. For many years we paid attention to handling the relationship between the central authorities and the regions, while insufficient attention was paid to the relationship between the state, the enterprise, and the individual. Thus the financial powers of the enterprises were too small and there were many shortcomings in the lives of the workers. After the 3d plenary session of the 11th CPC Central Committee, enterprise autonomy was expanded and the principle of material benefits was implemented. Thus enterprise funds grew fairly quickly and there were major improvements in the livelihood of the workers and this was entirely correct. However, it should be noted that while enterprise retention and workers' welfare were increasing and improving, not only was there no increase in state financial revenue, there was in fact a drop. This is possible under specific conditions, but it cannot continue for a long period of time. In order to correctly integrate present interests and long-term interests and partial interests and comprehensive interests, the future growth in enterprises' retained profits after taxation may not exceed growth in production and profits. Growth in individual income may not exceed growth in labor productivity. The extent of enterprises' financial powers and the amount they retain must correspond to the tasks and duties of the enterprises and the contributions they make to the state. There can be no egalitarianism, nor does "more" necessarily mean "better." The state should both enliven and yet also exert pressure on the enterprises. As far as the division of management powers between the state and the enterprises is concerned, the late economist Sun Yefang said that we must centralize authority over expanded reproduction while transferring to lower levels authority over simple

reproduction. This is worth our attention and consideration and it is also a necessary measure for controlling the scale of investments in capital construction.

4. To correctly handle the relationship between finance and credit, between what is inside and what is outside the budget, and between internal and external debts, it is necessary to improve the comprehensive balance of various funds and the comprehensive balance of the national economy, on the basis of implementing the open-door policy and enlivening domestic economy. Today, in addition to budget-internal funds, the source of funding for China's socialist modernized construction is also budget-external funds. In addition to finance funds there are also credit funds and in addition to domestic funds there are also overseas loans. All this is very good but, if planned management and the comprehensive balance of these diverse channels of funding is not improved, then state planning may suffer and this will give rise to a loss of control of accumulation and consumption funds. What is a planned economy? I believe that a planned economy is the achievement of planning according to proportions by means of a comprehensive balance. Lenin said "A regular and consciously maintained balance is in actual fact planning." (Footnote 3) (Lenin: "Collected Works: Criticism of Noncriticism," Vol 3, p 566) In his report to the 12th CPC National Congress, Comrade Hu Yaobang said: "China has a planned economy based on public ownership. The state ensures proportionate and coordinated growth of the national economy through overall balancing by economic planning and the supplementary role of regulation by the market mechanism." In "Some Explanations on the First 5-Year Plan," Comrade Chen Yun pointed out: "The method of proportional development must be adhered to, but....it is in actual fact very hard to say which actual proportions are the correct ones. The only thing to do is to see whether or not a balance exists. Rational proportions mean there is a balance. If there is a balance then generally there are rational proportions." To discuss reforms, results, and increased speed while ignoring this comprehensive balance will result in things going contrary to one's desired results. The State Council has now announced certain targets, asking that we establish comprehensive financial planning. The State Planning Commission, the financial departments, the banks, the statistical departments, and all other relevant departments have held meetings to implement these targets. However, it should be admitted that the work of comprehensively balancing the various funds and the national economy still represents a weak link in our planning management, and thus it must be improved. A suggestion from the Planned Economy Research Center, that we copy the period of readjustments in the 1960's and hold seasonal or annual meetings of the relevant departments to research the question of a comprehensive balance of the various funds, is an extremely significant one.

To exploit the positive role of the system, it is necessary to make political stability and unity and stable economic growth the premise. In addition it is also necessary to have a certain level of financial and material reserve forces. Over the last 30 years there have been successes and failures in the system during every period. The periods of successes have not only been times when the system itself conformed with objective requirements, they have also been times of political stability and times when the

macroscopic policies have been fairly accurate. The periods of failure were not only at times when the system itself was not suitable, more importantly these were times when the guiding ideology and macroscopic policies did tally with objective laws. We cannot entirely attribute the failures of the "great leap forward" in 1958 to the downward transferal of the system, just as we cannot entirely attribute the successes of the first 5-year plan and the period of readjustment in the 1960's to the centralization of the system. Our ideology must conform as much as possible to objective reality and this is required of us by the party's ideological line. However, "even the wise are not always free from error" and it is very hard to imagine that a plan for a system reform or an outline for national economic planning could be comprehensive and perfect straight away, with no risks or problems at all. In real life many problems crop up which have not been considered, and mistakes occur in some areas, sometimes even leading to failure, and this is very difficult to avoid completely. This, then, requires that we have a certain amount of finances and materials in reserve, so that we can remedy any mistakes that may crop up in any area, and it is extremely important that we take note of this.

CSO: 4006/623

ECONOMIC MANAGEMENT

HUBEI: WUHAN MAYOR ON OPENING UP CITY TO WORLD

HK300237 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 29 Jun 84

[Text] Wuhan City Mayor Wu Guanzheng gave a news briefing this afternoon on opening up the triple city and its markets to the world. Wu Guanzheng said: Wuhan City is a place where businessmen from elsewhere gather, and an ideal market for doing business. The city people's government has decided to grasp enlivening circulation as the point of breakthrough in the comprehensive reform of the city's economic setup. The government has decided to completely open up the triple city and its markets, and to break through separations and blockades. It welcomes businessmen from all parts of the country and from overseas to operate commercial, catering, and other service businesses in Wuha. They can work together with us to build Wuhan City into an open communications center with abundant attraction and radiation power.

In the past the city government formulated a number of policy regulations with the departments concerned in this respect. Such regulations that conflict with the intention I mentioned above are all null and void.

Wu Guanzheng said: Wuhan has decided to provide 240,000 square meters of land. We welcome departments and businessmen to build commodity sales, purchasing, and transshipment centers, and industrial and commercial enterprises of all types. They are welcome to organize all kinds of display, exchange, and other fairs. They are also welcome to engage in joint ventures of all types. Wuhan City has decided to provide conveniences for them in respect of land requisition, capital construction procedures, construction and design, and daily-life facilities, to provide legal guarantees for their economic interests, and to provide appropriate favored tax treatment.

Wu Guanzheng said: To meet the needs of the daily expansion of commodity circulation, we have decided to prepare to establish a joint information center, a finance center, and a modern materials exchange center in Wuhan, to create conditions for businessmen from all parts of the country in expanding commodity circulation.

CSO: 4006/625

ECONOMIC MANAGEMENT

JINGJI YANJIU ON COMMUNE ECONOMIC SYSTEM REFORM

HK090918 Beijing JINGJI YANJIU in Chinese No 5, 20 May 84 pp 25-29

[Article by Zhang Baotong [1728 1405 6639] of the Research Institute of Economics, Shanxi Academy of Social Sciences: "Separation of Government Administration From Commune Management and the Reform of the Commune Economic System"]

[Text] 1. The Commune Economic System Should Be Reformed if Separation of Government Administration From Commune Management Is to Be Achieved

Separation of government administration from commune management is one of the major items in the reform of commune economic system. The commune system is an organic whole. Any reform of the integration of government administration and commune management will naturally involve the whole commune economic system. No reform will succeed if it only involves a simple structural separation of political organizations from economic ones while the commune economic system remains unchanged.

Viewed from the present situation of Shanxi Province, the exercise of separating government administration from commune management in various localities is not entirely identical, though they are very much the same in many localities. In general, the commune party committees have been restructured to become rural party committees, whereas the commune management committees have been split into rural governments and rural economic organizations. The rural economic organizations are different in name. Some are called agricultural-industrial-commercial integrated companies, some agricultural-industrial-commercial integrated agencies, some economic committees or economic management committees, some are still called communes, under which agricultural, industrial, and commercial companies or management centers are established. Though different in name, the rural economic organizations are in charge of grouping various agricultural, industrial, and commercial trades within the same administrative locality for integrated management. The commune economic system is basically maintained. The reforms undertaken by grade-one brigades are basically the same. Most of the counties have restructured their brigade party branches into rural party branches and the brigade management committees have split into rural committees and rural economic organizations. Some counties, however, have not set up economic organizations. Though the administrative organizations

have been structurally separated from economic ones, the reform has resulted in contradictions between these two types of organizations.

Rural governments are the grassroots political authority in the countryside. As with governments at other levels, they shoulder not only the responsibility of leadership in respect of cultural and political work within their own localities, but also the responsibility of leadership in respect of economic work. As the party and the state have shifted their attention to economic construction since the 3d plenary session of the 11th CPC, rural governments should do a better job in leading and managing the economic construction of their own localities. At the same time, the rural economic organizations, however, are also shouldering the responsibility of leadership and management of economic construction within their own localities. In actuality, the economic role played by the rural economic organizations and rural governments is difficult to differentiate. Inevitably, they shift responsibility onto one another.

In order to resolve the contradictions, some localities have ordered that rural governments should take care of economic plans in the countryside while rural economic organizations are responsible for their implementation. The solution is not that perfect. The problem is that since all production management units within a village form a unified rural economic organization, the economic plans for the entire village have therefore been changed from village-level ones to plans for the internal enterprises of the rural economic organization. Originally, such plans were in the rural economic organizations own hands. However, the abovementioned solution has transferred the authority for making plans from rural economic organizations to rural governments. In this case, on the one hand, since the rural economic organizations exist between the rural governments and the production management units, the economic activities of the production management units are not directly managed by the rural governments and it is indeed very difficult for the rural governments to make realistic and scientific plans; on the other hand, since the rural economic organizations have been designated to organize production management activities, it is virtually impossible for them to do a good job in leading and managing production management activities if they have no authority over making economic plans.

In order to avoid such contradictions, some localities have simply let their rural economic organizations take charge of all economic work. Economic construction will not be handled by rural governments and no cadres staff the handling of economic construction. In fact, this solution has split the rural governments into two. In the first place, the rural governments have become mere administrative bodies and their unifying role has been disrupted, making them play a passive role in economic construction; second, the rural economic organizations have become mixed economic-administrative bodies and economic organizations, resulting in the replacement of rural governments by enterprises and a new integration of government administration and commune management. Since the rural economic organizations do not have appropriate liaisons with the authorities at county level, documents and orders concerning economic work have to be passed down from

the county government to the rural economic organizations through rural governments which serve as a "receiver and despatch office" or "inquiry desk." As they do not enjoy the authority of a government, the rural governments cannot succeed in leading the economic construction in the countryside.

In view of the above mentioned factors, the administrative organizations in quite a few localities have only been nominally separated from the economic organizations. No actual separation has taken place. They are still handling official business in the same office under the leadership of the party committee's secretary. All party, administrative and enterprise affairs are handled in the same office. There is only an internal division of labor. The aforesaid problem also exists in the reform undertaken by grade-one brigades.

In fact, problems of this kind have existed since communes were organized in 1958, when cooperatives were merged to become communes which were "larger in size and had a higher degree of public ownership than the collectives." The area of the communes was as large as the administrative area of rural governments. Both of them shouldered the responsibility for the leadership of economic construction within the same area, resulting in duplication of economic work. Under these circumstances, government administration and commune management were integrated. Indeed, the integration of government administration and commune management had an objective cause. The economic organizations, which unify all agricultural, industrial, and commercial trades within an administrative area, are the basis of the integration of government administration and commune management, which tallies with this type of economic organization. The above mentioned duplication will surely reappear if political organizations are structurally separated from economic ones while the commune economic system remains unchanged. The economic system under which all agricultural, industrial, and commercial trades are integrated within an administrative area should be modified if the system of integration of government administration and commune management is to be reformed to achieve a real separation of political organizations from economic ones.

2. Separation of Government Administration From Commune Management Is, in Reality, Separation of Government Administration From Enterprises

Can the communes, which are integrated economic organizations set up within an administrative area, be changed? The history of the past 25 years proves that this kind of economic organization can be changed.

So far as goods production is concerned, the basic production management unit among economic organizations is the enterprise. The period during which the communes played the role of basic production management units was, in fact, very short. In the early days when they were organized, the communes were the basic units which organized production and distribution. They were regarded as unified accounting units. This system triggered off "blind leadership" and "equalitarianism and indiscriminate transfer of resources" which dampened the people's enthusiasm for production and

crippled the state's productivity. Later, the brigades were taken as the basic accounting unit. However, the effect was not too great. At last, production brigades were taken as the basic accounting unit. The center of production management activities then shifted from the communes to the production brigades. The communes played a considerably less important role in organizing economic activities and they mainly performed administrative functions. However, as the communes, which were virtually economic organizations, still existed, the three-tier ownership system and the three-tier management system were still being carried out. The production brigades were not completely independent and, in respect of production, they were still under the communes' control. Problems such as "blind leadership" and "giving free economic aid," "equalitarianism and indiscriminate transfer of resources" were, therefore, not uncommon.

As various contract responsibility systems have been implemented since the 3d plenary session of the 11th CPC, contract households and commune and brigade enterprises have, in reality, become practically economic organizations. The communes, as economic organizations, have decayed. At present they are only nominally economic organizations. In reality, they have become administrative ones.

Perhaps, some may say that the ownership of basic production means has not been changed by the implementation of the contract responsibility system. Such means are still owned by the three-tier system of the communes. How can it be said that the communes as economic organizations have decayed? However, ownership and economic organizations should be differentiated. Ownership means to whom the production means belong; whereas economic organizations refer to production management units which are substantially using production means. They are not the same thing. For instance, our leading ownership system of production means is the ownership by the whole people as represented by the state. But the state is not an economic organization. The state-run enterprises, which are substantially using the production means, are real economic organizations. Though they are the representatives of collective production means, the communes have not taken any real part in production management activities ever since the implementation of the contract responsibility system. They are, therefore, not economic organizations. As with governments at all levels, they are administrative organizations and they have also become of collective production means.

We can tell from the above analysis that the current integration of government administration and commune (enterprise) management is different from that of 1958 and that before the implementation of the contract responsibility system. It is no longer the integration of the government and the communes (economic organizations), but the integration of the communes (administrative organizations) and various production management units. Through the communes, the government has gotten in touch with various enterprises (including commune and brigade enterprises as well as those run by families). In this case, if the separation of government administration from commune (enterprise) management is to be achieved, no unified rural economic organizations should be set up apart from rural governments.

The "outer covering" of the communes should be removed in a bid to structurally separate the rural governments from various production management units. That is to say, on the one hand, restructure the commune management committees into rural governments to resume the duties of administrative organizations; on the other hand, readjust production management units so that they can reach the standards of an enterprise and recognize them as independent cooperative economic organizations. Grade-one brigades should also do the same thing, restructure brigade management committees into village committees, and restructure brigade-run enterprises into independent cooperative economic organizations. It is unnecessary to set up a unified village economic organization apart from the village committee. As regards production brigades, even though their functions have shifted considerably from the economic to the administrative, they are still the owners of basic production means such as land since they are the original basic accounting units. They still have to manage the land and sign contracts and to organize certain production links needed by various agricultural households. For the time being, they should be retained as there are still no new and better unified organizations to replace them.

After government administration has been separated from commune (enterprise) management, shares can be integrated for trial implementation to ensure that all economic organizations can really become independent goods producers, autonomously engage in production management activities, no longer be the dependents of administrative organizations, and take over the ownership of production means from administrative organizations. In reality, through dividing shares, the properties of brigade and commune enterprises can be under the direct control of the laboring masses. In so doing the enterprises of the communes and brigades can be real independent cooperative economic bodies. Since communal economic organizations have ceased to exist and the ownership of production means has been taken over from administrative organizations, the original commune and brigade enterprises have become joint enterprises showing to which area their laboring masses belong. They are no longer administrative organizations of any grade. The relations among all cooperative economic organizations are that they are equal and mutually beneficial goods producers. The superior-subordinate relationship in which one is led and managed by another exists no more. They are all led and managed by their rural governments or village committees.

In fact, the so-called rural economic organizations set up in various localities on a trial basis are not really economic organizations, but economic management bodies at the rural level. Their main sphere of action is economic administration. In reality, they serve as "second governments." Such being the case, they should be set up within their rural governments as economic management bodies. Separation of government administration from commune management is, in essence, separation of government administration from enterprise management, not separation of administration from the economy. It is the separation of the governments' economic functions from the enterprises' economic management activities, the separation of the government's economic management bodies from economic enterprise organizations, not the separation of the governments' political and cultural functions from their economic ones, which is only a matter of the internal division of labor in the governments.

In fact, it is very difficult to integrate various agricultural, industrial, and commercial trades within an administrative area to form a real joint enterprise. The establishment of such economic organizations is unfavorable to the development of the commodity economy which requires that an enterprise should be an independent goods producer and enjoy ample autonomy. The integration of enterprises within an administrative area will prevent them from exercising their autonomy. The commodity economy should be socialized and unrestricted by administrative areas. The integration of various trades within an administrative area will disconnect the external economic links of production management units.

Perhaps some will say that as our rural areas are going to develop goods production, they should adopt the method of integrated management of agriculture, industry, and commerce. The establishment of agricultural, industrial and commercial integrated economic organizations within an administrative area is a typical practice of the aforesaid method. How can we say that such economic organizations hamper the development of the commodity economy? Here we should make a differentiation between the concept of integrated management of agriculture, industry, and commerce and that of the joint agricultural, industrial and commercial enterprises. The former refers to the economic structure, not economic organizations. If we want to have a take-off in our rural goods production, we should have a rational economic structure and all agricultural, industrial, and commercial trades should be developed comprehensively. But this does not mean that an organization will be designated to integrate various agricultural, industrial, and commercial trades. The establishment of economic organizations should be carried out in accordance with the internal links of the economy and as required by the economy. At present, some of our agricultural-industrial-commercial economic organizations are not set up in accordance with the internal links of the economy. Instead, they are the integration of independent enterprises with an administrative area. The chain is not set up in accordance with the internal links of agriculture, industry, and commerce. Instead, they are managed separately by individual industrial, agricultural, and commercial departments. It is certain that neither economic links nor district links can be severed. This is particularly true in agriculture which takes district links as its base. However, districts should not be the basis in setting up economic organizations. They can only be the basis in setting up economic links. Even economic districts are formed on the basis of economic links.

The integrated management of agricultural, industrial, and commercial trades within an administrative area is in reality an organization under which the production links existing in advanced production are transplanted to those existing in backward production. In 1958, with backward production, we tried to eliminate the distinctions between town and country, industry and agriculture, physical and mental labor, to run communist communes and to integrate peasants, workers, merchants, students, and soldiers to form an enclosed social stratum. The transformation of our agriculture from natural economy to commodity economy was impeded. Currently we intend to transplant the mode of joint agricultural, industrial and commercial enterprises in developed economies to our state. However, as our agriculture,

industry and commerce are still far from being integrated, there exist the present problems. In economic terms, such integrated organizations are not vastly different from the communes which are an integration of workers, peasants, merchants, students, and soldiers except that the students and soldiers are left out in the former. Not only at present but in the future they can be everything but our agricultural mode.

3. Anticipation of the Economic Mode of Our Agriculture After the Separation of Government Administration From Commune Management

Which mode should be adopted to replace the communes?

First, take agricultural households as basic management units of agricultural production. With the development of production, their scale of production will become larger and the standard of specialization will go up. This mode is still effective before the industrialization of agricultural production. This is determined by the distinguishing features of agricultural production, which is different from industrial production in that the subjects of labor of the former are living things, its basic production means is land which is irreplaceable, and the whole production process has to be carried out in a suitable natural environment. The fundamental distinguishing feature of agricultural production is the integration of economic reproduction and natural reproduction. Unlike industrial production, the processes of agricultural production cannot be split or centralized on a coexistent basis. The law of growth of living things has to be observed and the processes have to be carried out step by step and in accordance with time. The entire production process has to be looked after intensively. It should also be carried out separately on a vast piece of land and in accordance with the changing natural conditions. So far as this kind of production is concerned, only smaller management units are able to assign a fixed number of staff to intensively look after the entire growing process of living things, to suit measures to local or changing conditions, and to organize and arrange production in a flexible and expedient manner so as to give full play to the laborers' initiative. The family, a kind of production organization, is a mode which suits the distinguishing features of this kind of production.

Second, to replace the three-tier economic management system by a socialized service system having three phase--before, during, and after production. Although household-based management is suitable for direct agricultural production, the households may not be able to tackle all kinds of problems. For instance, farming technology such as breeding good seeds, protecting plants, eradicating pests, and mechanized cultivation and irrigation, etc; the circulation of the supply of production means; the purchase and sale, storage, and transportation of farming and sideline products and the supply of market information; the manufacturing and maintenance of production means; and the processing of farming and sideline products, etc are problems which individual agricultural households are unable to resolve. With the continuous development of the division of labor and division of trade and with the gradual transformation of agricultural households to key households and specialized ones, socialized service is particularly indispensable.

At present, our agriculture is changing from self-supporting and semi-self-supporting production to commodity production. Governments at all levels and public autonomous organizations should fully support the establishment of various forms of service organizations, including state-run, collective, individual, cooperative, and joint industrial-agricultural-commercial service organizations in a bid to link the household-based management and socialized service system.

Third, change the administrative integration, which is formed within agricultural, industrial, and commercial departments, into economic integration which takes economic contracts as its links. At present, there exists a tendency in the reform of the rural economic system that various agricultural, industrial, and commercial trades are organized according to their departments to form unified administrative companies. Such a move will, on the one hand, tie up organizations which have different business natures, clients, and channels for production, supply, and marketing, impeding the realization of enterprise management and the development of specialization; on the other, will sever genuine economic links, obstructing the new economic integration formed according to the internal links of the economy. There are many rural economic links. However, they are mainly the links between agricultural households and various agricultural, industrial, and commercial service organizations. In the light of the development of production and the rising standard of specialization, the links between agricultural households and various service organizations have become closer and the role played by the latter in agricultural production has become greater, so much so that they will become centers which link up all households, resulting in various forms of economic integration which is based on various service organizations and which takes contracts as its links. This kind of integration is different from the old unified one of the communes. This integration is done voluntarily by the masses of the people in accordance with the internal links in the economy and the need for production development. It is not a man-made administrative integration which ties various agricultural, industrial, and commercial trades together within an administrative area. It is a specialized, socialized integration which takes commodity production as its base, not a "large but comprehensive," "small but comprehensive" integration of a natural economy type. It is a new, multifarious, multi-tier integration which suits the transformation of our agriculture from a self-supporting and semi-self-supporting economy to large-scale commodity production.

Fourth, set up and develop rural economic and cultural centers to replace the rural basic social units formed by the peasants, workers, merchants, students, and soldiers. In order to speed up the transformation of our agriculture from a self-supporting and semi-self-supporting economy to large-scale commodity production, from traditional farming to modern farming, market towns should be enthusiastically developed. Under unified planning, all agricultural, industrial, and commercial organizations which have a wider range of services will be centralized in places where rural governments are located. Specialized households and joint enterprises should be allowed to leave their native places and reside in places where rural governments are located, where they will work or start their businesses,

engage in various types of services with the aim of building up market towns which will become the political, economic, and cultural centers of the localities. In market towns, not only are there permanent state businesses, supply and marketing cooperatives, collective and individual business, but also regular fairs which serve as permanent exchange places for the circulation of agricultural commodities. Market towns will also become economic information centers for the rural areas. In market towns, various technological service organizations and cultural and educational facilities will be centralized to provide convenient and comprehensive technological services for agricultural production, thus improving the standard of specialization in agricultural production and enhancing the peasants' scientific and technological level. Various agricultural industries are also set up in market towns for the processing of farm and sideline products and the manufacturing and maintenance of production means to increase the peasants' income and speed up the accumulation of capital. The development of market towns will also provide job opportunities for excessive agricultural labor. The centralization of rural population in market towns will create conditions for the centralization of farming experts. The development of rural market towns has, therefore, strategic significance. They are the basis of speeding up the specialization, socialization, merchandizing, and modernization of the rural economy. As economic and cultural centers in the rural areas, they play a dynamic role and they have open economic links. They do not look like administrative areas which have definite boundaries, nor do they look like communes which are enclosed. They are the moral of specialization, socialization, merchandizing, and modernization of the rural economy under the leadership of the rural governments.

CSO: 4006/623

INDUSTRY

BRIEFS

GUANGDONG INDUSTRIAL OUTPUT VALUE INCREASES--According to a NANFANG RIBAO report, the industrial output and income of Guangdong Province increased during the first half of this year. Both light and heavy industry developed in a coordinated manner and production, sales, and profits grew simultaneously. An excellent situation rarely seen in the past few years has emerged. According to statistics released by the provincial Statistical Bureau, the total value of industrial production throughout the province reached more than 16.7 billion yuan in the first half of this year, an increase of 12.5 percent over the same period last year. Of this, the light industry grew by 12.8 percent and heavy industry by 12.5 percent. Some industrial goods on trial production and sale and some heavy industrial goods for serving light industry increased considerably. What is particularly gratifying is that the sale of products continued at an accelerated pace, profits increased, the growth of sales income from the locally administered state enterprises listed in the budget from January to May this year was 0.9 percent faster than the growth of the total value of industrial production, and the profits realized were 590 million yuan, an increase of 18.4 percent over the same period last year. [Text] [HK060840 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 6 Jul 84]

CUMMINS ENGINE SERVICE CENTER--Beijing, 28 Jun (XINHUA)--The Cummins Engine Technical Service Center opened its business here today. It was established after discussions among the China Automotive Industry Corporation, China National Technical Import Corporation and Cummins Engine Company of the United States. The center will provide technical services, spare parts of Cummins engines and training of operators, maintenance men and repairmen for domestic users. China has since 1974 imported over 500 pieces of Cummins engines, which were used in coal, oil, chemical, metallurgical and automotive industries in East China, Northwest China, North China and Central China. [Text] [OW282115 Beijing XINHUA in English 1506 GMT 28 Jun 84]

CSO: 4010/106

FOREIGN TRADE AND INVESTMENT

SINO-JAPANESE TRADE EVENTS IN 1983 DISCUSSED

Beijing GUOJI MAOYI [Intertrade] in Chinese No 2, Mar 84 pp 35-36, 34

[Article by Shi Zhiyi [4258 1807 3015]: "Ten Newsworthy Events in Sino-Japanese Economic Relations and Trade in 1983"]

[Text] Nineteen-eighty-three was the first year of the second decade since establishment of diplomatic relations between China and Japan. During this year, people from both countries in the fields of economics and trade celebrated through concrete actions the fifth anniversary of the signing of the Sino-Japanese peace and friendship treaty. Through common hard work on both sides, friendly relations were further consolidated and developed. Exchange of technology was stimulated, the scope of cooperation was continuously expanded, there were new increases in export and import trade, personnel exchanges were increased over last year and all aspects of friendly relations manifested gratifying prospects.

Nineteen eighty-three was a year of over-all development in Sino-Japanese relations. In the area of developing economic and trade relations, there were the following ten important news items:

1. Attendance of "International Meeting on Medium and Small Enterprise Policy."

From 19 to 21 January 1983, 26 countries participated in and over 300 people attended the "International Meeting on Medium and Small Enterprises" which was sponsored by Japan and held in Osaka. Seven of our nation's comrades, headed by Vice-Premier Tian Ji-yun [3944 4746 0061] (at that time vice-secretary general of the State Council) attended this meeting. At the meeting, Comrade Tian Ji-yun gave a speech on the topic of "The Problem of Transformation of Medium and Small Enterprises and Its effect on the National Economy." His speech clarified our nation's policy on medium and small enterprises as well as the guiding principles on transformation of medium and small enterprises, and elicited the attention of the people attending the meeting. In seminars at the meeting, our nation's delegates exchanged opinions and experience with the delegates concerned from the other nations and also made some useful investigation into various problems.

China's plans for technological transformation of almost 400,000 medium and small enterprises elicited a great deal of interest by Japanese personnel involved in the field of economics who actively pursued all forms of broad contact with our nation's relevant units and departments. This opened up good prospects for the development of economic cooperation, exchange of technology and development of trade.

2. Vice-Premier Yao Yi-lin's [1202 0181 2651] visit to Japan.

In early April of 1983, Vice-Premier Yao Yi-lin went to Japan on a good will visit. While in Japan, in addition to meeting with prime minister Nakasone, he also had individual talks with the Director of the Economic Planning Office Shiozaki, Minister of Transportation Nakayama, Minister of Home Affairs Takeshita, Minister of Foreign Affairs Abe, among others. They broadly exchanged views on further developing economic cooperation between China and Japan, exchange of technology, enterprise transformation, attract foreign capital and other questions. They further clarified that development of economic cooperation comprises an important part of the Sino-Japanese relationship, and in the past ten years satisfactory results have been achieved. But in comparison with the superior conditions for development of relations existing between the two countries and expectations of the people of both countries, economic cooperation still appears to be insufficient and there is still great potential; there are still many things which can be done. The road can still be widened a bit and one can still take longer strides. Vice-Premier Yao Yi-lin emphasized: Economic cooperation between China and Japan is not only in accordance with the common interests of the people of both nations, it also has great significance for the peace and stability of the Asia-Pacific region. His statements not only elicited the attention of many Japanese cabinet members, they also received universal praise in economic and trade circles.

3. Japanese economic and trade circles attach great importance to the promulgation of "Regulations on the Implementation of the Chinese-Foreign Joint Investment and Management Enterprise Law."

On 8 April 1983 State Economic Commission member Comrade Li Hao [2621 3493] spoke to reporters on "The Further Liberalization of Policy on Chinese-Foreign Joint Enterprises in Order to Facilitate Greater Utilization of Foreign-Investment, Joint-Administration Enterprises." On 20 September the State Council promulgated "Regulations on the Implementation of the Law on Chinese-Foreign Joint Investment and Management Enterprises". The regulations stipulate in detail, in the form of law, the taxation of jointly managed enterprises, importation of equipment and necessary tariffs on goods and materials, reduction of the annual limit on income tax, etc.

After these regulations were promulgated, Japanese economic and trade circles were very interested and the response was good. They believed that this was a step forward in China's efforts to attract foreign capital, and

it was a concrete supplement to the "Chinese-Foreign Joint Investment and Management Law," promulgated in 1979. Many Japanese friends said that under the conditions of personnel exchanges and continuous communication, Chinese law regarding jointly operated enterprises would be continuously perfected. As far as further developing jointly operated enterprises and attracting foreign capital, it would definitely have a strong stimulative effect.

4. China proposes almost 1,000 cooperation and enterprise transformation projects to Japan.

In order to further invigorate the economy, liberalize policy and actively develop the originally initiated transformation of enterprises, the provinces, municipalities, factories and enterprises of all areas are greatly stimulating foreign contacts. According to approximate statistics, altogether 328 Chinese delegations and groups visited Osaka in 1983, of which 159 or 48.5 percent represented provinces, municipalities, factories and enterprises--a very large increase over the previous year. The number of engineering and technical personnel visiting Japan is especially on the rise. Among 260 technical experts, there were 21 senior engineers, 20 chief engineers, and 183 engineers. Among the 66 factory directors and vice-directors, all were engineering and technical cadres. The change in the composition of the personnel visiting Japan clearly reflects the emphasis on engineering and technical personnel by the leading organizations at all levels and the enterprises. The visits of above-mentioned personnel to Japan and the observation and study of technology have had a positive effect on enterprise transformation and the introduction of advanced technology. Up to the end of 1983, just the provinces and municipalities of Shanghai, Tianjin, Hubei, Dalian, Guangdong, among others, have proposed to Japan a total of 600 projects on joint operation and transformation of enterprises. When projects proposed by Economic Commission and other provincial and municipal units are added to this number, the total is close to 1000 projects. The proposal of these projects elicited a positive response in Japan, where individual delegations were organized and dispatched to China to carry out investigations. Although at present great enough strides have not been taken, the main thing is not that there is not enough interest in the proposed projects, but that further study of ways and means, etc. must be done. If the exchange of ideas is broad and profound, the circumstances of the situation communicated in a timely manner and the conditions jointly created, then the prospects will be very broad.

5. The third meeting of members of the Chinese and Japanese governments held in Beijing.

In early September 1983, 11 cabinet minister level members of the Chinese and Japanese governments met in Beijing to hold the third meeting of cabinet members. Attending on the Japanese side were six officials including Foreign Minister Abe Shintaro and on the Chinese side were five ministers dealing with international economic affairs, headed by State Councilor Gu Mu.

This great number of important officials from both China and Japan gathered together to assess the progress of economic cooperation between the two nations, seek further strengthening of economic and technological cooperation and discuss together the two countries' international problems. One must say that it is a great undertaking by China and Japan in the developmental history of the two countries.

The members of the governments of the two countries looked back on and assessed the circumstances regarding the utilization of the first economic loan from 1980 to 1984. They pointed out with satisfaction: through hard work on both sides, China's construction projects were proceeding smoothly. They expressed satisfaction with implementation of the economic and technological cooperation projects which were decided on at the previous two policy member meetings and where the relevant documents were signed. A very good foundation has been established for future long term economic and technological cooperation between the two countries. Ideas were broadly exchanged at the third meeting of government officials on the basis of experience accumulated in the process of bilateral cooperation. The Chinese side proposed to Japan new economic and technological cooperation projects for reference, while the Japanese side explained to the Chinese the concurrent economic situation in Japan. Although specific projects must await the continuing discussions of specialists before being defined, both sides unanimously pointed out that Sino-Japanese friendship had taken root in the hearts of the people and that the relationship of the two countries was developing in both breadth and depth. Under these advantageous conditions, there is not only the necessity for further strengthening cooperation, but also the possibility of continuously expanding the scale and increasing the pace. This kind of cooperation will stimulate the continuing development of friendly relations between the two countries.

6. Sino-Japanese trade volume once again increases to \$10 billion.

Nineteen eighty-three was the year in which Sino-Japanese trade entered a period of stable development based on a policy of long term stability. Because over the past few years China imported too many whole sets of equipment from Japan and growth was too strong and also because of the adjustment of the national economy, trade was temporarily reduced by over \$1 billion bilateral trade volume dropping from \$10.3 billion to \$8.8 billion. The temporary drop in trade volume did not damage confidence in the continuing development of bilateral trade, but rather after a sincere exchange of opinions and more profound mutual understanding, ways to expand the volume of trade were sought. Since 1983, through hard work on both sides, and with the active development of new products and the search for flexible methods of trade, although Japan's economy is still not prospering, Sino-Japanese trade has gradually recovered and slowly begun to increase. As of November of last year, the volume of Sino-Japanese trade had already exceeded last year's level. According to Japanese statistics, the 1983 bilateral trade volume totalled \$10 billion approximating the level of 1981.

7. For the first time China imports 7 million tons of steel products from Japan in one year.

Steel products are one of the traditional imports from Japan and China is an important user of Japanese steel. Although at different times steel imports from Japan have been great and sometimes small, they have always accounted for a large proportion of our country's imports from Japan. Relevant data and statistics show that the amount of steel imports rises in those years in which China's economic development is relatively great, showing that steel imports have a positive effect on our nation's economic construction.

Because the adjustment of the national economy in the past few years has been going smoothly, and the proportions of agriculture, light and heavy industry have been basically brought into line, the economy has begun stable growth. In 1983, even though our nation's steel production reached 39.93 million tons (the most in history) the amount of steel imported from Japan also reached a record high of 7 million tons, amounting to \$2.1 billion.

The two records fully illustrate that China's economic construction is flourishing and developing and illustrates that Sino-Japanese trade is again beginning a period of stable growth.

8. The fifth regular meeting of the Sino-Japanese Long-Term Trade Agreement held in Tokyo.

Since the signing of the Sino-Japanese Trade Long Term Agreement in 1978, there have been positive effects in the area of stable growth of bilateral trade. In the past 5 years, China has exported 47.38 million tons of oil and 11.9 million tons of coal. Complete sets of equipment worth \$5 billion and individual pieces of machinery were imported from Japan.

During the fifth regular meeting held on 16 November 1983, both sides looked back on the course of development on the fifth anniversary of the signing of the long-term trade agreement and candidly exchanged opinions on future prospects. Based on a Japanese proposal, both sides carried out friendly consultations on the question of the amount of coal to be supplied to Japan by China in 1984. A consensus was reached and the minutes of the meeting were signed. The Japanese side proposed that because of the effects of the general downturn in the world economy Japan's economy had continually been in a difficult position. They said that the steel industry was operating under capacity, production was cut back and that the amount of coal needed had greatly decreased from the amount originally planned. They hoped that China would agree to an adjustment in the amount the two sides had fixed in 1982. The Chinese party expressed understanding and agreed to reduce the amount of coking coal from 2.5 million tons to between 2.3 and 1.7 million tons, and the amount of fuel coal from 3.5 million tons to between 2.3 to 2.5 million tons, while the amount of oil was maintained at 8.0 to 8.6 million tons without any change.

At the fifth regular meeting of the Sino-Japanese Long-Term Trade Agreement, both China and Japan fully reflected a willingness to forgive and make allowances and develop, in a stable and long-term manner, economic and trade relations on the principles of equality and mutual benefit and helping to supply each others needs.

9. Implementing technological exchange through various channels and by adopting diverse methods.

As of October 1983, a total of 56 pairs of Chinese and Japanese cities had formed sister-city relationships. Each of the sister cities actively developed economic and technological exchanges according to their special characteristics. Many Japanese friends believe that following the profound growth in friendly relations between China and Japan, the activities of the sister cities will also be steadily enriched and increased. In 1983, technological exchange between sister cities and sister enterprises was very lively. The Guanxi [7070 6007] area alone received altogether 400 people from China for all aspects of study. Some studied engineering architecture, some studied mold making for plastic products, some studied the technology of cultivation of agricultural products, some studied chicken and cattle raising, some studied electronic technology, some studied architectural engineering, some studied fruit tree cultivation management, some studied food processing, etc. Sister cities and sister enterprises had a positive stimulative effect on the development of research and study activities. Not only that, but through the sister city relationships, implementation of economic cooperation and development of trade relations is now gradually beginning to flourish. After Japan's Zi He County [3320 6320] established sister city relations with Hunan Province, business organizations were established under the initiative of Zi He County's County Office especially to develop economic and trade relations with China, and have already begun to pursue contacts with Hunan Province.

Shanghai sent household-use gas architectural engineering technology personnel to the Osaka Gas works for research and study through its sister city relationship with Osaka. After one year of study, a great deal of advanced technology and knowledge were assimilated.

The above-mentioned form of technological exchange has just begun and although there are still many problems worth studying and improvements to be made, from the results already obtained, one can see that the results are basically good, and without doubt it is a very good beginning.

10. General Secretary Hu Yao Bang's visit to Japan was the high tide of Sino-Japanese relations in 1983.

At Japan's invitation, General Secretary Hu Yao Bang went to Japan on a goodwill mission from 23 to 30 November last year. In this very short period of one week, he left a very good impression on the Japanese people through his meetings with Japanese heads of state, his speech to parliament and his trips to Hokkaido, Kyoto, Osaka, Nagasaki and other places. The

general reaction was that this visit achieved complete success and left behind the magnificent image of "the common man's leader." The Japanese government and public showed their great admiration for secretary Hu's candid and sincerely friendly attitude. In order to firmly establish the Sino-Japanese Twenty First Century Committee for promoting youth goodwill exchanges, China first invited 3,000 Japanese youths to visit China in 1984. After two rounds of talks had deepened mutual understanding, Nakasone expressed his resolve to work hard to contribute to Sino-Japanese friendship. Secretary Hu's visit not only further consolidated and deepened freindly relations between the two countries, but will also greatly influence the continuing promotion of the development of relations between the two countries in both depth and breadth. Many facts prove that when development of Sino-Japanese relations progresses, the economy and trade advance and grow, otherwise the result is just the opposite. We believe that under the principles of "peace and friendship, equality and mutual benefit, mutual trust, and long term stability," friendly Sino-Japanese relations will grow year by year and economic cooperation relations between the two countries will advance year by year.

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FOREIGN TRADE AND INVESTMENT

SINO-JAPANESE ECONOMIC COOPERATION DISCUSSED

Beijing GUOJI MAOYI [Intertrade] in Chinese No 3, Mar 84 p 24-25

[Article by Zong He-chu [1350 0375 2806] "Sino-Japanese Economic Cooperation in Continuous Development"]

[Text] China and Japan are two close neighbors separated by a narrow strip of water. Their special geographic position and good neighbor relations have created favorable conditions for close economic cooperation. Political, cultural, scientific-technological and economic contacts have become even closer following visits by the respective leaders of the two nations.

In order to realize its magnificent goal of socialist modernization and construction, China has carried out a policy of opening up to the outside since 1979. In order to solve the problems faced in modernization and construction--insufficiency of funds and technological backwardness--a new policy of decisively attracting and utilizing foreign capital must be adopted. In this area, China and Japan have begun to cooperate in many ways. In December of 1979, Japanese Prime Minister Nakasone visited China and promised to supply low-interest, long-term government loans. Later, loans were supplied for four projects: Qinhuangdao Port, Shijiusuo Port, the Yan-Shi Railroad, and the multi-tracking and electrification of Jing-Qin Railroad, and others, by agreements signed year by year between Japanese Overseas Economic Cooperation Foundation and China. The interest rate on the loan was 3 percent, with a repayment period of 30 years (with extension period limited to 10 years). In addition, Japan also supplied commodity loans for the Baoshan Steel Mill first phase project and the Daqing petrochemical project on similar terms; as of now 5 annual loan agreements have already been signed, adding up to a total of 300 billion Japanese yen (approximately \$1.5 billion, with approximately 175 billion Japanese yen having been already used. Our utilization of Japanese loans for construction projects is all carried out in accordance with the plan. Invitation of tenders and purchasing of equipment, as well as construction for ports and railroads are carried out in accordance with a predetermined plan. In December of 1983 when double tracking of Jing-Qin Railroad was completed, State Council Vice-Premier Wan Li attended the commemorative ceremony. In the next 2 to 3 years all these railroads and ports will be completed and put into service. After construction is completed, Qinhuangdao Port (two 50,000-ton berths) and Shijiusuo Port (one 100,000 ton berth and one 25,000 berth) will increase the annual coal export capacity by 3.5 million tons. After the opening of

the Yan-Shi line and the Jing-Qin double-track railroad, transportation capacity will be increased by 6.2 million tons and will create the necessary conditions for the export of coal, especially to Japan.

Recently, China and Japan have conducted discussions on the second group of Chinese projects utilizing Japanese loans. The Japanese party carried out feasibility studies of six of the projects, and in December 1983 came out with an interim report. Beginning in February of this year, the Japanese government will be sending a delegation to visit China and both parties will decide the specifics of the loan projects.

Since 1979, the Japanese have contributed 420 billion Japanese yen (approximately \$2 billion) to China for energy loans at a 6.25 percent interest rate and repayment period of 9 to 12 years (with extension periods limited to 5 to 6 years). These funds have been utilized respectively to open up the Chengbei, Huabei, Shengli and Bohai oilfields and the 7 coal mines at Baodian and Jiangdian in Shandong, Shanxi's Xiqu, Malan, Zhenchengdi and Siliugou mines and the Qianjiaying, Zhenchengdi and Siliugou mines and the Qianjiaying mine in Hebei. In the future, they will greatly increase the scale of these oil fields and coal mines. This loan agreement has been signed each year since 1980 and four-fifths of the total amount of the loan should be utilized before the end of this year.

The Japan Petroleum Company is actively taking part in our nation's cooperative development projects in offshore petroleum; in the Sino-Japanese joint exploitation of the waters of the southern and western Bohai Sea, the Japanese have invested \$600 million, and in the joint exploitation of the western Bohai Sea through the Chengbei Oilfield project, the Japanese have invested over \$100 million. In 1983 in the invitation of tenders to foreign firms for offshore oil drilling, Japanese companies' tenders were accepted in the three areas of the South China Sea, Pearl River mouth basin and Beibugang; the Japanese investment was almost 100 million yen.

There has also been progress made in the establishment in China of joint investment and management enterprises by Japanese companies and Chinese enterprises. Established by the end of 1982 were China Dongfang Leasing Company Limited, Fujian Ri-li Television Company Limited, China Da-zhong Pharmaceutical Company, Fuzhou Foreign Trade Center Hotel, Xinjiang Wool Textile Company Limited, and others in which Japanese investment was \$16.88 million. In 1983 the establishment of seven new Sino-Japanese joint investment and management enterprises was authorized: Shenyang You-yuan Service Company Limited, Nan-tong Municipal Light Industry Synthetic Innerfacing Fabric Factory, Shenzhen Cement Enterprise Company, Beiyang San-yang Electronics Company Limited, and the Hua-yang Electronic Products Distributing Company; the Japanese investment was approximately \$10 million. Although the scale of these projects is not large, they have all attracted advanced technology

and management experience and the majority have been very successful. In 1983 the Chinese government further liberalized policy on foreign joint investment and management enterprises, bestowed some favorable treatment and has already worked out specific regulations through the "Regulations on Implementing the Law on Chinese-Foreign Joint Investment and Management Enterprises." This will undoubtedly bring new hope to the joint investment and management enterprises jointly run by China and Japan.

In the past few years, the Japanese government has also supplied over \$100 million in donated funds to China, to be used for the Sino-Japanese Friendship Hospital, the Beijing Library microfilm equipment, gymnastic equipment, the Qu Jiang hydro-electric power station feasibility study, An-qing Copper Mine precision exploration equipment, E-er-duo-si oil exploration, the San-jiang plains exploitation study, and the feasibility studies on a second group of government loans, and other projects.

The points enumerated above are only a profile of Sino-Japanese economic cooperation; but they fully illustrate the very good current situation and demonstrate even better future prospects. In China's socialist modernization and construction, great amounts of funds and advanced technology are needed; at the same time, China has plentiful resources and an enormous market. Japan has plentiful funds and advanced technology, but needs resources and markets. Both parties have the need and the ability to carry out ever broader cooperation. Undoubtedly, Sino-Japanese economic cooperation will achieve even greater success with the passing of time.

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SPECIAL ECONOMIC ZONES

DEVELOPMENT OF SHENZHEN SPECIAL ECONOMIC ZONE DISCUSSED

Beijing GUOJI MAOYI [Intertrade] in Chinese No 3, Mar 84 pp 40-41

[Article by Yang Zuo-kui: "A Thriving Shenzhen Special Economic Zone"]

[Text] I once saw a letter in which a newly arrived construction worker wrote to a friend in his home town: "I think it probable that up to now no one has been able to draw a detailed map of the Shenzhen urban area, because Shenzhen has never had any fixed form -- it is always adding something new, day by day, even moment by moment."

Perhaps because I came to Shenzhen Special Economic Zone to work even earlier than this construction worker, I can not only understand but have a deeper understanding of this description of his. In answer to a question by a Japanese visitor in October last year, General Secretary Hu Yao-bang said: "The model special economic zone we created in Shenzhen is thriving more and more every day."

In 1983 basic construction emphasizing the building of basic installations on a large scale in the 24 square kilometer area from the shore at Luohu Bridge to Shangpu the central area of the special zone, has further improved the investment climate -- a modern, new urban area is now emerging at our nation's southern gate. From 1979 to the end of last year, investment for basic construction in Shenzhen special zone reached a total of 1.9 billion yuan, with a completed area of over 3.5 million square meters. At present, over 800 medium-rise (under 17 storey) buildings have been completed in the new urban area, over 18-storey high-rise buildings completed total 11, and the major part of the work for 14 buildings has been completed. Of these, only last year the area under construction reached 3.47 million square meters, 1.3 million square meters were completed, with completed investment of 830 million yuan, an increase of 32 percent over 1982. The city invested over 300 million yuan in building a highway network; 29 major roads were newly opened and are now carrying traffic, and the sides of the roads are covered with a carpet of green grass and fresh flowers. Last summer the work on the Luohu Train Station expansion and remodeling project was proceeding swiftly; it can be expected to be available for use during the first half of this year. In the area of sea transportation, the 10 thousand ton pier at Chiwan was finished last June, and work on

the second 10,000 ton berth is being stepped up. After the completion of the special zone's first helicopter landing pad last October, a feasibility study was begun on the construction of a large, modern, international airport. There has also been new progress in telecommunications construction -- the 2,000 program controlled telephones imported from abroad have already been brought into use, and during the first half of this year another 10,000 telephones can be added.

In order to promote the construction of material and spiritual civilization in the special zone, work on or preparations for eight large cultural construction projects is now being stepped up. Construction has already been started on the large library and science center located in Shangpu, planned to be completed this year. Work is being started successively on the museum with many distinctive objects and of novel design, the large theater, gymnasium and news center. Although Shenzhen University formally opened last September in the new urban area, the T.V. station also began its first day of broadcasting programs this year.

The special zone's development has brought about a manifest improvement in the investment climate and made it more and more attractive to foreigners. Last year, the number of visiting businessmen coming to Shenzhen for talks on investment projects clearly increased -- three times that of last year. The great consortiums and multinational corporations of Japan, the U.S., Britain, France, the Federal Republic of Germany and other countries, are all coming to Shenzhen for talks on investment matters. This created a new impetus for the inflow of foreign capital to Shenzhen last year when there were 878 agreements signed between the city and foreign businessmen and the investment entailed by these agreements was over 2.6 billion Hong Kong dollars, with projects already in use accounting for 900 million Hong Kong dollars. Among these over 600 of the agreements were for industrial projects with investment of over 1.8 billion Hong Kong dollars, an increase of 800 million Hong Kong dollars over last year. In line with this trend, the policy of general importation which was followed 2 or 3 years ago, has been raised to the selectively directed importation of a batch of advanced technical equipment.

In the past few years, Shenzhen has already successively constructed over 200 new factories, and the value of industrial product increased rapidly; last year 55 new enterprises went into production in Shenzhen and the value of industrial product reached over 600 million yuan, an increase of 80 percent over last year. The overall productivity of labor in factories and enterprises reached 26,000 yuan, 42% over that of last year. Local financial income also increased 53.4 percent over the previous year.

Acting as Shenzhen special zone's receiving house for businessmen, Shengkou industrial zone was constructed very rapidly after its opening in July 1979. At present in the 2.14 square kilometer area, total building area has reached 665,000 square meter; after completing the work of connecting electricity, water, aviation and navigation facilities, highways and microwave communications, and cleaning up, it will provide an investment environment for attracting

foreign investment for long-term growth. Last year people from the U.S., Japan, Denmark, Norway, Switzerland, Singapore and Hong Kong came here to make investments. The first independent Japanese enterprise to invest in China -- Sanyo (Shekou) Electronics Incorporated -- has already entered production here. At present there are altogether 87 enterprises in Shekou industrial zone, and annual value of product has reached \$150 to \$200 million. There are already 41 products for export in the industrial projects currently in operation or coming into production. Of these, yachts, boats, ships, and building paint, transport containers, building steel products, aluminum sheet, oxygen, ethane, electronic games, furniture, etc., and color television sets, radios, calculators and other electronic products have entered the international market and received good marks for quality.

Shenzhen City Mayor Chang Liang-xiang [7022 2733 3276] has indicated: in 1984 Shenzhen will even better concentrate its efforts to bring in foreign capital, emphasize the development of advanced industries, work hard on the introduction of technology-intensive and knowledge-intensive projects. All work must be accomplished around this central task. Most important are:

--More preferential policies and flexible measures must be implemented. Regarding advanced technology industrial projects, tax cuts, tax exemptions, reduction of land use fees or permission for domestic sale of a portion or even the majority of products to obtain technology through the market, may be granted based on the circumstances.

--Emphasize the introduction of relatively large industrial projects utilizing advanced technology and scientific management. Build 50 new fair-sized factories. Strive for faster development of electronics, light textile, food, building materials, chemicals and other industries. There should be great increases over 1983 in television sets, microelectronic calculators, watches, plastic products, trucks, bicycles and other major products. At the same time, production of products such as electric freezers, air conditioners diesel generators, computer printers, chemical fiber cloth, knitted products, plastic food containers, bags and sneakers, latex paints and other new products should be started.

--Focus on construction of transportation, telecommunications and energy. The larger projects are: expedite the Shenzhen train station remodeling project; continue construction of Chi Wan deep-water pier; improve the pavement of highways from Xili Hu to Nantou and Shenzhen to Longhus, enlarge the Wenjin du [ferry] highway bridge, build the Shatoujiao, Huang-gang -- Luomazhou highway bridge; intensify preparations for building the Shenzhen International Airport; expedite the continuing construction of the 110,000 volt transformer stations at Luo Hu lake and Shangpu and the preparations for construction of the transformer station at Nantou.

--Expedite construction of the ancillary installations planned by the municipal administration in the 24 square kilometer new urban area at Luohu and Shangpu. Adhere to integrated overall development and priority construction; plan a part, develop the part and receive the income on that part, and then beautify it with trees, flowers, gardens etc. This year the construction of six major functional districts in the new urban area -- the industrial district, residential district, finance - business district, warehouse district, tourist district and culture-science-education district, and others -- will be intensified.

--Intensify legislative work. At the beginning of this year the fifth meeting of the Standing Committee of the Sixth People's Congress of Guangdong Province passed the "Shenzhen Special Economic Zone Cooperative Agreement on Foreign Economic Affairs" and the "Shenzhen Special Economic Zone Temporary Provisions on Importation of Technology," clarified regulations on cooperation with foreign nationals and importation of technology, provided a legal basis and protected the special zone's foreign-oriented economic activities.

Recently the Guangdong Province People's Government decided to build an integrated oil city in a 38 square kilometer area in Shenzhen's Nantou area to supply comprehensive service for the exploitation of the South China Sea oilfields and also to become a base for production of refined oil. The China Nanshan Development Company and the private Singapore United Maritime Services Company Limited cooperate to jointly manage the Chiwan petroleum base. Taxes on the Dayawan Nuclear Generator, which will require 6 years to complete, can be handled according to the special zone's preferential tax policies. In addition, the principle part of the work (over 20 floors) on our nation's tallest building -- the Shenzhen International Trade Center Building -- has already been completed. Next year this 48 storey, 162 meter super-highrise building will be finished and ready for use, becoming an important place for our country and every province, city and autonomous region to develop its foreign economic and trade activities.

Why is Shenzhen so attractive? Mr. Zahezhenping [7177 6320 2973 1627], a director of the Japanese Sanwa [0005 0735] Bank and Hong Kong branch manager who recently arrived in Shenzhen to take charge of the opening of that company's Shenzhen branch office said: "From previous experience and local visits, I perceived that Shenzhen is truly a precious place with a favorable climate and geography and popular support; its policies are flexible, its prospects great and it has great attractiveness not only to Japan but also to the whole world." The recently established Texaco - Shenzhen Oil Products Distribution Company Limited," is jointly run by the Shenzhen Special Zone Development Company and the Hong Kong Huashen [5478 3234] Investment Company Limited. Texaco Gas Station manager from Hong Kong, He Jun-kang has said: "I really have affection for Shenzhen now because this is where my work is."

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TRANSPORTATION

BRIEFS

HUANGHE SUSPENSION BRIDGE--Zhengzhou, 7 Jun (XINHUA)--China's longest suspension bridge across Huanghe was completed by an engineer unit under the PLA Wuhan Military Region toward the end of 1982 [as received]. The 320-meter long one-way suspension bridge, with guardrails for pedestrians, is located on Huanghe between Xinan and Jiyuan counties in Henan Province. It is capable of carrying seven trucks at the same time when they pass at single file at a speed of 25 kilometers per hour with a load of not more than 30 metric tons each. Its design and structure as well as its safety factors were tested by experts. The bridge was handed over to the Henan provincial communications authorities on 1 June of 1984. [Summary] [OW270341 Beijing XINHUA Domestic Service in Chinese 0105 GMT 7 Jun 84]

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